PARIS, MONDAY, AUGUST 10, 1987

ESTABLISHED 1887

Reagan, While Praising Pact, Vows to Protect Contra Interests

By Stephen Engelberg
New York Times Service

WASHINGTON - President Ronald Reagan has expressed support for the preliminary peace pact cached by five Latin American nations, but he said "there is much work to be done by the parties

In a statement issued by the White House, Mr. Reagan declared that the United States intended to protect the interests of the Nicara-

Leaders of the insurgents, known as contras, have insisted that they take part in any talks. Nicaragua has rejected the idea, and the Central American agreement does not porovide a role for the contras in cease-fire negotiations.

Jim Wright of Texas, the House Democratic leader who offered a peace proposal earlier in the week with Mr. Reagan's backing said Sunday that he supported Friday's

"I think it's the Guatemalan plan

said in an interview on an NBC peace process, while making it clear

Sandinists hall the agreement,

Mr. Reagan's statement on Sat-urday noted that the contras wanted to participate in negotiations,

Nonetheless, Mr. Reagan's statement struck a positive note, declaring the hope that the desire for peace expressed in the agreement would eventually become a reality m Central America.

The president's statement was

Chad Recaptures Town And Libyans Retaliate

NDJAMENA, Chad - Chadian troops recaptured the town of Aozou in weekend fighting after 14 years of occupation by Libya, but Colonel Moammar Gadhafi's air force retaliated within hours Sunday with heavy bombing attacks.

The Chadian ambassador to France, Ahmed Allammi, said in Paris that the bombardments were intense, with the jets hitting Chadian positions at Accou and elsewhere in the Tibesti mountains of northwestern Chad. He gave no word on casualties.

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The Chadian government, in statements read over the radio Saturday night and Sunday, said the battle for Aozou began Saturday morning, when Chadian troops re-pulsed a Libyan attack at the oasis town of Bardsi, 45 miles (about 70 kilometers) south of Accou.

It said that the Libyans retreated and that the Chadans followed and counterattacked The government said that by Saturday night, Chadian forces had gained control of Aozou, the administrative capital of the Aozou strip, a disputed length of Sahara Desert believed rich in oil and minerals.

Chad, if it can hold the town, would have effective control of the tains an air base in its own territory about 30 miles to the north that

See CHAD, Page 6.

Kiosk Israelis Bomb Lebanese Sites

TEL AVIV (Reuters) - Israeli helicopter gunships bombed on Sunday a headquarters of guerrillas connected to the radical pro-Iranian group Hezbollah, or Party of God, in southern Lebanon, an army spokesman said.

He said the bombs hit a building near Tibnin, north of Bint Jbail, that was used by guerrillas as a base from which to attack Israeli troops and militiamen of the Israeli-backed South Lebanon Army.



The Soviet Union's unfavorable trade balance with the U.S. is behind Mr. Gorbachev's new export policy. Page 11.

CENERAL NEWS

A Tamil protest held up the surrender of arms by rebels in Page 2. Sri Lanka ■ U.S. intelligence officers helped former Nazi collabora-

tors enter Canada after World War II, a historian says. Page 5. ■ Jean-Marie Le Pen, the National Pront leader, has taken his message to French beaches to reach voters. BUSINESS/FINANCE

Peru's president said backlash from his bank nationalization plan could threaten his Page 11. government PERSONAL INVESTING

In California, wine collectors can now be investors -- thanks to the state legislature. Page 7.

news program. "We never had the that the administration has doubts impression that we possessed the about whether Nicaragua will fulalmighty wisdom to dictate in precise terms what arrangements should be made in Central Ameri-

but warn of obstacles. Page 3.

"From the very beginning," he said, "President Reagan and I both emphasized that it must be a Central American plan."

but offered no specific proposal for resolving the issue,

that has to prevail," Mr. Wright intended to show support for the

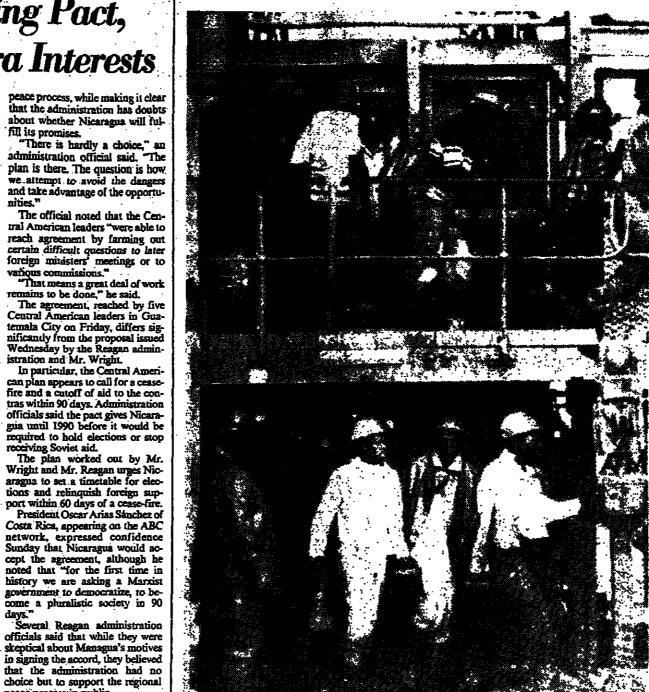
receiving Soviet aid.

The plan worked out by Mr.
Wright and Mr. Reagan urges Nicaragua to set a timetable for elections and relinquish foreign sup-port within 60 days of a cease-fire. President Oscar Arias Sánchez of Costa Rica, appearing on the ABC network, expressed confidence Sunday that Nicaragua would ac-cept the agreement, although he noted that "for the first time in history we are asking a Marxist government to democratize, to be-

fill its promises.

come a phiralistic society in 90 days."
Several Reagan administration officials said that while they were skeptical about Managua's motives in signing the accord, they believed that the administration had no choice but to support the regional peace process in public.

An important reason, they said, was that Mr. Wright had taken the political initiative when he began reshaping an initial peace proposal by the administration in cooperation with other congressional lead-ers and Central American officials. Mr. Reagan, they said, did not See REAGAN, Page 6



Black South African Mineworkers Begin Strike

Workers leaving the Blyvoornitsig gold mine in Carletonville, South Africa, at the end of their shift. About 200,000 members of the National Union of Mineworkers, along with as many as 100,000 other mineworkers, were expected to join a strike that began Sunday night. Page 2.

U.S. Effort in Iran Included a Hostage Rescue Plan

and Dan Morgan

WASHINGTON -A secret element in the first arms-for-hostages transaction with Iran was a U.S.-Israeli counterterrorism operation in September 1985 that was designed to rescue any American hostages in Beirut who were not freed as a result of the arms shipment, according to sources and notes of

only American freed by pro-Iranian extremists in Lebanon after Israel delivered 508 U.S.-made TOW

not locate the other hostages. The episode laid the ground-

The Western powers barred a number of Iranian officials from West Berlin. Page 6.

work, however, for covert U.S.-lsraeli projects against terrorism. These joint activities were mentioned in the recently concluded The Reverend Benjamin Weir, congressional hearings into the released Sept. 14, 1985, was the Iran arms sales and diversion of profits to the Nicaraguan rebels,

ed next year, with a single candi-date to be nominated by the gener-al, who is head of the army, and the

In late August 1985, after Israel formation supplied by Secretary of known to all the top U.S. national ver L North, the council's expert on counterterrorism. The operation was in cooperation with Amiram Nir, special adviser on terrorism for Prime Minister Shimon Peres of

The U.S. ambassador in Berrut reported on Sept. 4, 1985, that seven hostages," according to in- Iran-contra hearings, but it was

release, the U.S. National Security tra affair led by former Senator notes. Council staff arranged for the State John G. Tower. The ambassador "alias pass- said he was told that a U.S. team

connect the operation with the director of central intelligence.

arms shipment. The rescue component of the profits to the Nicaraguan rebels, "North was handling an operation September 1985 arms shipment but have never been publicly ex-

cue never took place because the had shipped the first 100 TOWs to State George P. Shultz to the spe- security officials, according to U.S.-Israeli team in Beirut could Iran and set the stage for a hostage cial review board on the Iran-con-sources and State Department

> On Sept. 17, 1985, according to port" in the name of "William P. had been deployed to Beirut, acties" were discussed by Robert C. Goode" to Lieutenant Colonel Oli-In its report, the Tower board adviser and Colonel North's boss, cited Mr. Shultz's testimony but at a luncheon with Mr. Shultz. Dedid not reveal anything further fense Secretary Caspar W. Weinabout the operation. Nor did it berger and William J. Casey, then

Mr. McFarlane did not mention the TOW shipment at the lunsource familiar with the notes said See RESCUE, Page 6

Allies Providing **Quiet Support to** Mission in Gulf, Weinberger Says

WASHINGTON - Defense Secretary Caspar W. Weinberger said Sunday that U.S. allies were quietly supporting the intensified U.S. Navy presence in the Gulf, and he confirmed that new minesweeping efforts had turned up mines.

Mr. Weinberger, appearing on a CBS television program, also denied lranian allegations that the United States was to blame for rioting July 31 in Mecca, Saudi Arabia, in which more than 400 people died.

In the Gulf, three Kuwaiti tankers and three U.S. Navy escort vessels on a new convoy mission sailed past the point where the tanker Bridgeton hit a mine last month and began the final stretch to Kuwait, ship-

ping sources said. The sources said the convoy, which left the Gulf of Oman unexpectedly Saturday, was expected to complete its 550-mile (900-kilometer) journey to Kuwait early Mon-

At sunset the convoy passed west of Farsi island, where Iranian revolutionary guards have a base and where the Bridgeton struck a mine July 24, the sources said.

No incidents were reported as the ships followed the oil tanker Sea Isle City, which is being used as a makeshifi minesweeper.

The 81,000-ton Sea Isle City; its sister tanker, the 80,000-ton Ocean City; and the 47,000-ton liquid pe-troleum carrier Gas King were able to travel in shallow waters west of the Farsi channel. The shallow waters are not navigable by the 400,000-ton Bridgeton.

The convoy was the second since the United States began escorting Kuwaiti tankers carrying the U.S. flag last month.

On the television program, Mr. Weinberger said: "Rumors that our allies are not behind us are not correct. These rumors float around all over.'

"We are getting a substantial amount of help from our allied friends in the area," he said, although he declined to elaborate. saying that would "convey information to an enemy who is not all

Britain, France, Italy, West Germany and the Netherlands have turned down in recent days U.S. requests to provide minesw or other naval support for the U.S.

The defense secretary denied reports that Kuwait had refused to allow U.S. helicopters to use its

"We're not there to provoke anybody," Mr. Weinberger said of the U.S. escort missions, and he ac-cused the Iranians of "typical, hys-Arabian Sea, just outside the Gulf. terical foamings of the mouth.

Appearing before Mr. Weinberger on the news program was Said Rajaie-Khorassani, Iran's ambassador to the United Nations. He cheon, according to the notes. A said that Iran had seeded the Gulf with mines as "a part of our defen-

See CONVOY, Page 6

U.S. Ponders Its Responses To Any Raid By Iranians By Richard Halloran

New York Times Service
WASHINGTON — Although Secretary of State George P. Shultz has asserted that the United States can avoid hostilities in the Gulf, specialists on the region and senior military officers are not so sure. In a news conference Thursday

Mr. Shultz said, "I don't think there is any prospect at all that we will be drawn into a shooting war." The same day, however, the as-

sistant secretary of state for Near Eastern and South Asian affairs, Richard W. Murphy, said tensions were "perhaps higher than they have been for the last few years." "One way that Iran could strike out is through international terror-ism," Mr. Murphy said.

Military officers, echoing the chairman of the Joint Chiefs of Staff, Admiral William J. Crowe Jr., said the American presence in the Gulf was "not risk-free."

The possibilities for combat are varied, as are the chances for success of the U.S. forces in the Guif. Some missions seem possible but others are more difficult, for tactical, diplomatic and domestic political reasons. Should Iran openly attack a

tanker flying an American flag, a U.S. warship or a U.S. embassy in the region, retaliation could be swift, given the fact that the United States will soon have 24 vessels and 15,000 men in the region.

An air strike could come from It could also be mounted by B-52 bombers flown from Guam and refueled on the island of Diego Garcia, 2,000 miles (3,200 kilometers)

away in the Indian Ocean. Eight warships in the Middle East task force could fire on Irani-See OPTIONS, Page 6

Chileans Looking Twice At Moves to Democracy

By Shirley Christian

New York Times Service
SANTIAGO — "Sometimes I have a dream," a bank chairman three other military commanders. said recently, leaning back in his General Pinocher's plan to nomichair. "It is that democracy returns nate himself is opposed by the othto Chile, that I still have my car and house, my stock is secure and the country takes off in fantastic development - instead of the left bringing back another Allende night- essarily agree with the rightists, mare." The banker's desires and whose parties have the backing of concerns are shared by many Chilabout one-third of the electorate. ean businessmen and industrialists. The rightist parties range from two

As General Augusto Pinochet, 71, approaches the 14th anniversary of his coming to power, appar- line, conservative democratic parently determined to stay on well ties that openly oppose him and into the 1990s, many Chileans are expressing in private, and more stead of a plebiscite. expressing in private, and more cautiously in public, a desire for democracy. But they fear the kind of political free-for-all that culminated in 1970 with the election of Salvador Allende as president on a impressive exports and with inter-coalition ticket of Socialists and Communists.

While largely respecting civil lib-erties, the Allende government turing Co., a major company, said launched an aggressive campaign of socialist efforts such as nationalizing businesses, stirring wide-spread opposition that led to the 1973 military coup in which Allende was killed.

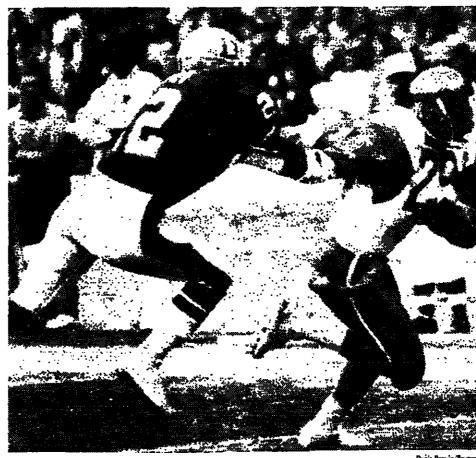
fears that Chile's fragmented political parties will do no better this time around in a vote expected next year, make it unlikely that business stance against military government taken by some of their counterparts strongly support his desire for an-

New 'Football' In Old London Eric Dickerson broke

Vince Newsome of the Denver Broncos to score the first touch-The business leaders do not necdown Sunday for the Los Angeles Rams, Bowl in London by that were formed as campaign vehicles for General Pinochet to oldannual game, betional Football With the economy rapidly recovering from the recession of 1982-83, most business leaders are preoccufore a crowd of pied with increasing their already



who won the American the score of 28-27. The tween teams of the Na-League in the United States, was played in Wembley Stadium be-72,786. Story, Page 17.



The Big Guns of August: Paris Media Moguls Stay and Work

By Mary Blume ional Herald Tribune

ident of the Society of Industry and head of Paper & Carton Manufac-

the primary concern was that free-

See CHILE, Page 6

the sidewalks of Paris are rolled up and the town.

elsewhere in Latin America. Most Chilean business people neither totally reject General Pinochet nor lally reject General Pinochet nor lally reject General Pinochet nor lally reject of the city's torpor is annually immortalized or large that their newspapers and programs are full of stories and pictures about grams are full of stories and pictures about page that their newspapers and programs are full of stories and pictures about to have the coming season's programming are there."

Inon annutures puncture of Paris in August because they are the coming season's programming are there." by photographs of a Place de la Concorde que. As a group these somebodies have the Most media people take their vacations in

August, those people are going to make republic's traditional July 14 reception. Those who remain are media men and damn sure that their newspapers and pro-

other eight-year term.

As part of a phased return to democracy under the 1980 Chilean Constitution, a plebiscite is expect
The phased return to democracy under the 1980 Chilean about, the fact that Paris is at its most appears of a raise de in Constitution, a plebiscite is expect
The phased return to democracy under the 1980 Chilean about, the fact that Paris is at its most appears of a raise de in Constitution and kept quiet appears of a raise de in Constitution are the most declare that what they do is irreducing in the incomplete take their vacations in means to declare that what they do is irreducing men are the most declare that what they do is irreducing men are the most medianized for September; those who leave in August are back by mid-month at the latest few people have rejoiced in, and kept quiet about, the fact that Paris is at its most appears of a raise of incomply of cars. In August nobody's in town.

The phased return to democracy under the 1980 Chilean about, the fact that Paris is at its most appears of a raise of its with the fact that what they do is irreducing in men are the most declare that what they do is irreducing in men are the most means to declare that what they do is irreducing in men are the most means to declare that what they do is irreducing in men are the most means to declare that what they do is irreducing in men are the most means to declare that what they do is irreducing in men are the most means to declare that what they do is irreducing in men are the most means to declare that what they do is irreducing in a phased return to mean the most means to declare that what they do is irreducing in a phased return to mean the most means to declare that what they do is irreducing in a phased return to mean the most means to declare that what they do is irreducing in a phased return to mean the most means to declare that what they do is irreducing in a phased return to mean the most means to declare that what they do is irreducing in a phased return to mean the most means to

delicious in August. Now the movers and Labro, a quintessential media man who is a way of contrast, Liberation simply shut shakers have declared that in August Paris is journalist, novelist, filmmaker and director down in August as if it were a car factory). PARIS - The tradition is nearly as old as the place. It's not that nobody's in town of news and entertainment for RTL. "If you Philippe Labro was away in July, except for a leaders will emulate the strong the paid vacation, or congé papé. In August anymore but that the nobodies have left have 150 important media people in Paris in hop to Paris to be seen at the president of the

For trend-setters the pleasure of Paris in campaigns (advertising men are the most

Soviet Is Said To Deploy Rail Missile

By R. Jeffrey Smith

WASHINGTON - The Soviet Union is believed to have started deploying the world's first strategic nuclear missile able to be launched from railroad cars, according to

The missile, known in the West as the SSX-24, can be moved on vast portions of the Soviet rail system to elude U.S. monitoring and attack, officials said, potentially complicating future efforts to verify Soviet compliance with arms control treaties.

Deployment of the missile on railroad cars has long been expected by the U.S. intelligence community. Some Reagan administration officials have criticized it as a potentially destabilizing development in the arms race, although independent experts have disagreed.

U.S. officials agreed that the SSX-24 missiles had been moved on rail cars from the factory where they were produced, but they disagreed about whether the missiles had yet become fully operational.

The development of the missile has been praised by some U.S. arms control experts, who argue that both sides benefit by having nuclear forces that are hard to target in a first strike.

U.S. confirmation of the deployment came Friday afternoon in response to a statement on the Senate floor by Senator Jesse Helms, Republican of North Carolina, asserting that Moscow had violated a key provision of the unratified 1979 Strategic Arms Limitation Treaty

by deploying the missiles. U.S. officials said that the White House had distributed a directive suggesting that reporters be told that the Helms assertion was "es-

See ARMS, Page 6

20 22 24

25 26

28 29

31

You voted for policies of the right but what you got were policies of the

By Julian Nundy

this Breton fishing port in the early morn-course, immigration. ing. By mid-afternoon, the big top was stocked with drinks and snacks.

crowd of more than 2,000 until the music small Breton communities where druids a parallel with Europe. around 20 percent next spring, although switched abruptly to "Va Pensiero" out of once held sway.

That evening, he told his audience that, some of his aides talk in terms of 15 percent switched abruptly to "Va Pensiero" out of Verdi's "Nabucco." It is a rousing chorus

Outling the tri in which the Jews in Babylon lament their separation from their homeland.

As the chorus rose to its crescendo, lights turned on the entrance of the tent and, to a standing ovation, in marched the star of words. the show: Jean-Marie Le Pen the leader of France's far-right, anti-immigration Na-

tional Front. It was Mr. Le Pen's 14th appearance in what he calls his "beaches tour." a round of political meetings at France's major resorts to catch voters during their summer vaca-

Earlier in the day, girls distributed brightly colored balloons to children, bear- to the homeland, with a kick in the ass." ing the words "I Love Le Pen," or "Go to it. Jean-Marie." A plane flew overhead dragging a streamer to advertise the meet-

ng.
The tour, effectively the first shot in the campaign for the May 1988 presidential election, has had its fair share of mishaps Pen's home town, it was an unqualified if predictable success.

Mr. Le Pen, 59, dressed in an open-

necked white shirt and white summer

International Herald Tribune occupy him: the hopelessness of the major said.

LA TRINITE-SUR-MER France — A conservative political parties, excessive caravan of seven trailer trucks rolled into laxation. France's falling birth rate and, of said be saw lessons for France in the cur-

The stocky, combative Mr. Le Pen had

quick to sue, were unjust since there was of "a grand revolutionary and religious never any incitement to hatred in his design

If his own speech that night was carefulational Front's new anthem, sung by Bruno Porcher, a balladeer who has thrown in his lot with Mr. Le Pen.

who inoculate us with the blood of barbarity." for whom the solution is "the road That line drew rancous cheers and laughter from the audience, a conventional-looking crowd whose average age was around 40. They had paid 30 francs (about

costs of the tour. Mr. Le Pen said that most of those who since it began in Ajaccio, Corsica, on July attended his beachside rallies were, in his 15. But, in La Trinité-sur-Mer, Mr. Le assessment, people who traditionally voted for the Gaullist Rally for the Republic or its coalition partner, the Union for French Democracy

slacks, addressed the usual issues that pre- what you got were policies of the left," he The major parties have yet to declare their

rent crisis in the Gulf.

"Press articles explain that Saudi Arabia ready and the refreshment stand was started his day at 8:30 A.M. with a boat and Kuwait are vulnerable because they ocked with drinks and snacks.

trip to visit fishing villages on the rocky have large immigrant populations," he
That evening, a singer entertained a Atlantic islands of Hoëdic and Houat, said. "I'm surprised that no one has drawn

> During the trip, he explained his view as in the Gulf, France was at risk from a that accusations of racism, leveled at him Moslem population of foreign origin that by his political foes and for which he is could destabilize the country in the name

France's Moslems, numbering aroun 2.5 million, mostly from France's former phrased, this was not so true of the North African colonies, make up the country's second-largest religious group. About 20 are currently under arrest charged in connection with bombings in Paris last

Called "Blue, White, Red." the colors of year attributed to a pro-Iranian group. the French flag, it deals blumtly with those

The keyword in Mr. Le Pen's speech The keyword in Mr. Le Pen's speeches and in those of his acolytes was "national," a word that is not defined but is clearly-intended to classify French citizens of a

certain pedigree.

Mr. Le Pen, for example, lamented the fact that France could not put forward a "national" sporting team, made up of "nationals," evidently regretting the contribution of sportsmen of immigrant stock.

The French, he said, were "slipping along the contribution of th \$5) to attend, a fee imposed to offset the

slowly into decadence and disappearance. Mr. Le Pen is one of four candidates who have already declared that they will run in the election next year. The others are An-"You voted for policies of the right but Party, and two extreme-left candidates."

In the parliamentary elections last year, the National Front, benefiting from a brief experiment with proportional representation, won 33 seats in the National Assembly with about 10 percent of the nation

wide vote. Now, Mr. Le Pen predicts that he will get to 20 percent. Even 15 percent would be a triumph for Mr. Le Pen, who founded the

National Front only 13 years ago.

His beaches tour, which ends in the northern port of Dunkirk on Friday, started shakily.

At Cagnes-sur-Mer, on the outskirts of Nice, the big top was destroyed by fire -its cause has not been established -- and

At Saint-Tropez, Régine, the nightclub owner, closed down her club, New Jingmy's, for good when a cocktail party was held for Mr. Le Pen in another establishment in the complex in which it is housed. She had said earlier that the National Front leader would get into the Elysee Palace more easily than into my clubs."

In several towns, the National Front was a movie script," said a Forego refused permission to pitch its test under local regulations designed to keep nomads out. These rules are considered racist by dre Lajoinie, of the French Communist France's main human rights groups be-Party, and two extreme-left candidates. cause they are usually applied to Gypsies.

WORLD BRIEFS

Bonn Fears New Guerrilla Attacks

BONN (Reuters) — The urban guerrilla proup Red Army Faction has regrouped and is planning a fresh whose of attacks, a West Octuber counterintelligence chief warned Sanday.

counterintelligence chief warned Sanday.

Gerhard Boeden, president of the Federal Office for the Protection of the Constitution, told the Cologne Express that the guerniles had reorganized following a string of greats in pieces years.

The Red Army Faction has personnel, using an acceptance against the Red Army Faction has personnel, using and received against like it did at the time of the Schlever kidnapping. Mr. Roeden and an interview released ahead of publication. In 1971, the group kidnapping Hanns-Martin Schleyer, head of the Wett Orman employers allowed tion. His body was later found in a case.

Israel Denies Abducting Spy Suspec

Aguino Lists Anti-Crime Measures

MANILA (WP) - President Corazon C. Aquino, under pressure la curb lawlessness after a series of unsolved political murders, announced Sunday that the unitary would adopt "sweeping measures" including intensified searches and new efforts to check the growth in illega-

However, Mrs. Aquino rejected calls that she suspend some basic rights

of criminal suspects or adopt other martial law measures. She said the

new measures would be taken "with all due respect to the guarantees of the constitution" and without turning the Philippines into "a garnson

Adulting said. "We shall protect our people's cherished rights and liberties by methods that will honor and not diminish them, even if they help the

Shultz Aide to Lobby Shamir on Talks

P. Shultz of the United States has arrived in Israel to try to persuade Prime Minister Yizhak Shamir to accept an international Middle East peace conference, U.S. officials said Sunday.

Charles Hill, the executive assistant to Mr. Shultz, arrived on Saturday for talks with Mr. Shamir and Foreign Minister Shimon Peres, who are divided over the issue. Israeli and U.S. officials said.

Mr. Shamir views the proposal for a conference under UN sponsorship

as a Soviet-inspired scheme to force the return of Arab land captured by Israel in the 1967 Middle East war.

South Korean Workers Demonstrate

SEOUL (Renters) - The police said workers demanding better pay

and conditions demonstrated in four South Korean cities on Sunday as

industry officials warned that 200 companies faced closure occause of

trade unions, staged sit-ins at about 80 companies in Pusan, Ulsan;

About 20,000 workers, who were also demanding the right to form free

JERUSALEM (Reuters) - A senior aide to Secretary of State George

guilty escape as often as they protect the inmovent."

There will be no constitutional shortcuts to public safety," Mrs.

JERUSALEM (AP) -- A govermient official rejected a newspa-per's allegations Sunday that Mosdechai Vannou, a former Israeli nuclear technician who is accused of leaking nuclear secrets, was abducted by Israeli agents to stand

The Sunday Times of London reported that a female istacli ag had lured Mr. Vancon from Lon-In Lourdes, during an inland stop. Mr. don to Rome with promises of sex.

Le Pen was taken to task publicly by a He was then kidnapped by other recovered the situation by quipping: "I talk to Israel, the newspaper said. "The to God, not to his intermediaries."

Ministry spokesman, Ehud Gol.
Mr. Vanume, 32; is accused of revealing details of Israeli muclear. development to the newspaper and has been held since October de charges of treason and espionage. At one time he flashed a message reporters indicating that he had been kidnapped in Rome.



Mordechai Vanus

Black Miners Launch Strike in South Africa

CARLETONVILLE, South Af. join the strike. rica - The National Union of Mineworkers launched a strike in South African gold mines on Sunday night, and a union spokesman said eight miners were detained in the first minutes of the walkout.

There was no immediate information on how many miners responded to the union's call for a strike by 200,000 members at 28 gold mines and 18 collieries.

First shifts were due to go underground at 9 P.M. By 8:30 P.M., there was no movement in the elevators at mines around Carletonville, about 40 miles (65 kilometers) southwest of Johannesburg. The mines, which include East Driefontein. West Driesontein, Libanon, klool and Blyvooruitsig, appeared

Howard Gabriels, a spokesman for the 320,000-member mineworkers union, said three men were held without charge at Vaal Reefs and five at the Buffelsfontein

The strike started in the face of a government threat to clamp down on militant labor unions.

The stoppage could seriously ing industry, which accounts for 70 pressure. earnings.

Cyril Ramaphosa, secretary-genworkers at mines that do not recognize the union as the official repre-

Cape Town Editor Critical of Press Laws Is Dismissed

The Associated Press CAPE TOWN - Times Media

Ltd., one of the major newspaper chains in South Africa, has dismissed Anthony Heard as editor of Mutonga in Mdantsane, in the Cape Times without explanation.

Cape Times, the country's oldest at the American Embassy, reprenewspaper, with a circulation of about 50,000, for 30 years and served as editor for 16 years. He crusaded vigorously at home and abroad against government press been identified or apprehended.

Times Media Ltd. made uo mention of Mr. Heard's future and gave no reason for the dismissal, saying only that he had enjoyed a distinguished career and "after 16 years as editor it was felt that the time had come for a successor to be appointed. Mr. Heard declined to be inter-

viewed about the dismissal, announced late Friday. He will be succeeded by Koos Viviers, now editor-in-chief of Eastern Province Newspapers.

Under Mr. Heard's leadership, the Cape Times often tested press restrictions, imposed under President P.W. Botha's emergency decree in June 1986. He encouraged his reporters to challenge government versions of civil unrest and

The 750,000-member Congress of South African Trade Unions, the largest labor federation in the country, said in a statement Saturday that workers in other sectors would strike if employers sought to break the miners' strike with vio-

The strike was called after wage talks broke down last month between the mineworkers union and the nongovernmental Chamber of Mines, which represents mine own-

The chamber offered and unilaterally implemented increases of 17 percent to 23 percent, which increased the average black wage to 506 rand (\$250) a month. The union is holding out for a 30-percent increase and other benefits, including additional leave and dan-

Johan Liebenberg, the negotia-tor for the Chamber of Mines, said he expected the strike to last two to five days, and warned that employers might begin mass dismissals if it continued beyond that.

He said that employers had the of contract, and added that mine disrupt the \$50-million-a-day min- owners would not buckle to strike

The minister of manoower and public works, Pieter T.C. du Ples- security forces. sis, said Friday that the governeral of the mineworkers union, said ment was preparing legislation to he expected as many as 100,000 curb the power of fast-growing anti-government unions.

> A black union member and antiapartheid activist who was bludgeoned to death last month was buried Saturday under the flag of the outlawed African National Congress, in defiance of regulations under a state of emergency decree issued 15 months ago. The New York Times reported Saturday from Mdantsane, South Afri-

More than 2,500 people attended the funeral service for Eric M. black tribal homeland of Ciskei. Mr. Heard, 49, was with the Stephen D. Mull, a political officer sented the United States at the fu-

neral and appeared to be the only diplomatic representative present. Mr. Mntonga's killers have not

SPIRITUAL SEEKERS!

HEED ME **WELL!** NEXT

SUNDAY IS THE HARMON-

IC CONVERGENCE!

BE THERE!

NILL SLIP OUT OF ITS TIME

DO!

DOONESBURY



A Tamil prisoner, right, about to be freed in southern Sri Lanka, embracing a comrade not yet released.

Tamil Protest Delays Surrender of Arms

surrender of arms by Tamil mili. der several truckloads of weapons, et reports said varying numbers of tants hit a snag Sunday as Tamils in although this was considered large heavy weapons were given up. northern and eastern Sri Lanka ly symbolic. held a general strike to protest what they said were torture killings

Meanwhile, thousands of Tamil refugees, some hauling all of their possessions, were reported Sunday to be returning to their homes in

peace agreement July 29 in an effort to end four years of ethnic strife in Sri Lanka. The capitulation of the Tamils, who had been

accord, an initial group of 291 Tamil political prisoners was re-leased Saturday. More were expect-ed to be freed Monday. A senior Sri Lankan official said

Sunday that the 6,000-man Indian the north, which has been a rebel force policing the peace part had stronghold.

Stronghold.

Stronghold. Sri Lanka and India signed a for Tamils to surrender their arms. The deadline has been extended

several times since Aug. 3. The official, who asked that he not be identified, said 286 weapons

fighting for their own homeland, thad been surrendered, including an island off the west coast of COLOMBO, Sri Lanka — The began Wednesday with the surren- eight heavy artillery weapons. Oth- Northern Province-

> The surrendering of arms was gion. In an amnesty under the peace stalled for at least a day because of The two main rebel groups, the the Citizens Committee, said Sun-

Liberation Tigers of Tamil Eelam day that Tamil rebels there had not and the allied Eclam Revolutionary yet given up their weapons. Students Organization, called the adjacent Eastern Province, their area south of Jaffna, where where Tamils also make up a large the rebels have predominated. part of the population.

1952 became one of 14 top officials,

Residents in the north said the

strike virtually shut down the re-Sam Thambi

Residents of the north-central general strike Sunday in the Tamil- city of Vavuniya said Sunday that dominated Northern Province and no arms had been surrendered in

The peace accord is intended to The strike was to protest the regrant semi-autonomy to the Tamported killing of two rebels Tues- ils, who make up about 18 percent

to confess to high treason and espi-

John Warriner, 80, Author

NEW YORK (NYT) - John

Warriner, a retired teacher and au-

thor of a widely used series of text-

books on English, died of cancer July 29 at his home in St. Croix in

the Virgin Islands, He was 80. Mr. Warriner was the author of

"Warriner's English Grammar and

Composition" series, textbooks for grades 6 through 12 that were pub-

lished by Harcourt Brace Jovano-

Koch Leaves Hospital

The Associated Press

smile and a thumbs-up sign, Mayor Edward I. Koch of New

York was released from the hos-

pital Sunday after treatment for

Thursday.

minor stroke he suffered

"What you see here before

you is a 28-year-old brain in a 62-year-old body," he said as he left the Columbia-Presbyterian

Medical Center. Robert Bar-

rett, one of his neurologists, pronounced him "in excellent shape" after an examination

UNIVERSITY

DEGREE

Sunday morning.

NEW YORK - Giving a

'In Excellent Shape'

vich beginning in 1946.

Of Textbooks on English

day by security forces on Mannar, of Sri Lanka's 16.3 million people.

Labor Minister Let Henn Ki said Saturday that the growing unrest could endanger South Korea's still-fragile process of political reform.

Afghan Rebels Say 55 Died in Attack ISLAMABAD, Pakistan (Reuters) - Thirty-five Alghan guerrillas were killed and 20 wonnded in a recent ambush near the frontier with

Pakistan, a rebel spokesman said Sunday. He said 20 Afghan troops were also killed. No independent confirmation was available The spokesman for Hezb-i-Islami (Khalis), one of seven Pakistan-based groups fighting the Soviet-backed Kabul government, said Afghan government troops surrounded a guerrilla band Tuesday when they tried to cut communications between two army posts in the Urgun district of

Paktia Province. The Afglan government's Bakhtar News Agency reported Friday that border forces had seized 19 rocket launchers, 82 light weapons, 35 grenades and a radio in an encounter with guerrillas in the Urgun district. but it gave no casualty figures.

TRAVEL UPDATE

ment. After serving 11 years in prison. Mr. Loebl was released in 1963. France Lists New Conditions for Visa

PARIS (Reuters) — Many foreigners who wish to visit France for less than three months will have to prove that they have enough money for their trip, the Interior Ministry has announced.

When applying for short-term entry visas, they will have to produce the return train or plane tickets, proof of their address while in France and bank references, according to the decree published Saturday in the Journal officiel de la Republique française. The measure will not apply to visitors from European Community countries or from non-EC neighbors such as Switzerland and Austria, the journal said.

Interior Minister Charles Pasqua said that the requirement "will be as extra way of fighting illegal immigration." France started issuing visas for some non-EC nationals planning holidays of up to three months in France in September 1986, after a wave of bomb attacks in Paris in which 13 persons were killed.

Delta Air Lines Crew Is Reprimanded ATLANTA (UPI) - Delta Air Lines has taken "administrative

action against the crew of a Delta jet that came within 100 feet (3) meters) of a Continental Airlines plane in one of a series of incidents involving Delta last month, a company spokesman said.

The Delta L-1011 was en rome July 3 from London to Cincinnati with

164 passengers when it strayed 60 miles (100 kilometers) off course near Newfoundland and searly collided with the Continental jet. The same Delta plane later steered into the airspace of a British Airways jet. The company did not reveal the nature of the action taken against the crew. which had said there were problems with the plane's navigational comp.

On Friday, the Federal Aviation Administration withdrew the cap tain's permit of a Delta pilot who mistakenly shut down the engines of his Boeing 767 jet over the Pacific shortly after takeoff, sending the CRE plunging to within 600 feet of the water before the engines were se An agency spokesman said the pilot would be permitted to retain to commercial license, which entities him to serve as a co-pilot.

This Week's Holidays

Banking hours and government services will be closed or contained the following countries and their dependencies this week because 4 national and religious holidays:

MONDAY: Ecuador, Nicaragua, Singapore.

TUESDAY: Chad Jordan, Zimbabwe

WEDNESDAY: Thalland, Zimbabase. THURSDAY: Central African Republic Congo, Tunisia.

FRIDAY: Congo, France, Italy, Ivory Court, Madagaster, Morrocci, Pal SATURDAY: Anderra Austria, Belginia, Cameroon, Costral African District.

Ic. Chile Corgo, Costa Rice, France, Greece, Gonese, Hairi, India, Mily Sect.

Cossi, Lebaroo, Licchtenstein, Lustenbourg, Marzo, Madagaren, Maha, Milyander Bapua New Guines, Paragnay, Portugal, Rwanda, San Marino, Senegal, Switchilles, South Kores, Spain, Valican City, Venezueta.

Eugen Loebl, Ex-Prague Trade Official, Dies at 80 and used by the Vatican in address- including Rudolf Slaasky, the foring the problems of developing mer party leader, who were forced

NEW YORK - Eugen Loebl, a former first deputy minister for foreign trade for Czechoslovakia and the last survivor of a Stalinist purge known as the Slansky Trial, died of heart failure Saturday. He

Mr. Loebl, who emigrated to the United States in 1968 after the So-

YOUR HIGHER SELVES MUST GATH

ER AT THE NEAREST SACRED PLACE TO RESONATE HARMONICALLY IN

ANTICIPATION OF THE COMING NEW AGE!

became a well-known economic and political theorist. He wrote 10 books, including "Humanomics" and his autobiography, "My Mind on Trial," both published in 1976. Elements of "Humanomics," a

theory of humanistic economics,

have been incorporated into the platforms of political parties in West Germany, France and India

countries. Mr. Loebl was an economic ad- onage in the Slansky Trial. viser to Jan Masaryk, minister of viser to Jan Masaryk, minister of ... Eleven were hanged Mr. Loebi foreign affairs of the Czechoslovak and two deputy foreign ministers exile government during World were sentenced to life imprison-War II In 1948 he became first deputy minister of foreign trade. He was arrested in 1949 and in



HEY, HUNK, CHILL OUT. IT'S ONLY

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PUBLIC RELATIONS MANAGER (Europe)	Excellent	Digital Equipment Corporation.
CIVIL CONSTRUCTION ENGINEER		Garrett Fleming.
INVESTMENT MANAGER		Int. Fund Investment.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric. please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Novilly Codex, France.

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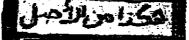


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One of a series of messages from leading companies of the world appearing during the IHT's anniversary year.

BASF 1986

Another successful year

MEFS

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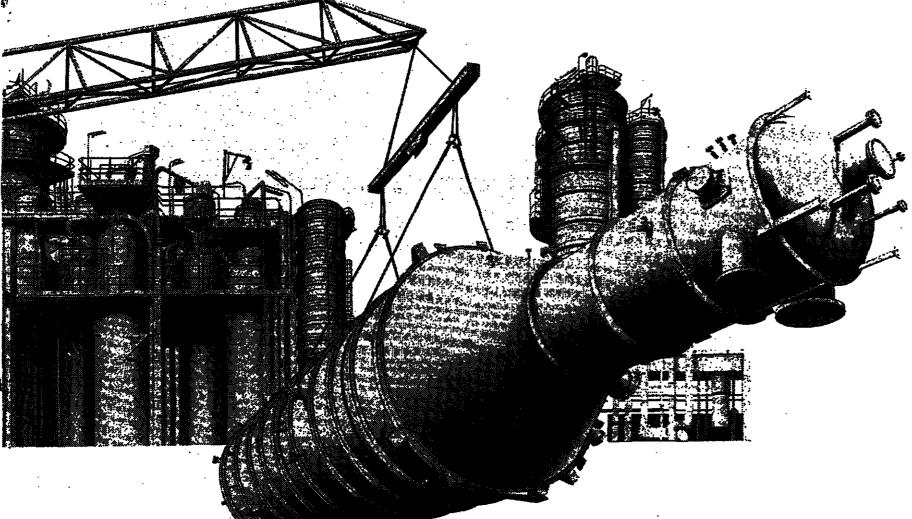
- le monstrate

BASF, a major international chemical company renowned for its trail-blazing scientific and technological achievements, is proud to announce its Financial Results.

For BASF Group, 1986 proved successful as another year of strong financial reinforcement; new venture integration; increased sales volume; and continued, far sighted commitment to research, development and capital expenditure programmes.

The decline in Net Sales was due wholly to extraordinary international factors, and the drop in profits was almost exactly equal to the down-valuing of our oil and gas inventories.

		DM Million 1986	DM Million 1985	% Change
BASF Group	Net Sales	40,471	44,377	- 8.8
	After-Tax Profit	910	998	- 8.8
	Capital Expenditure	2,657	2,456*	+ 82
	Employees	131,468	130,173	+ 1.
BASFAG	Net Sales	18,717	20,461	- 8.
a contract	After-Tax Profit	710	646	+ 9.9
	Capital Expenditure	1,142	884	+29.
	Dividend	535	496	+ 7.



Intensified research and development

The Research Expenditure budget of over DM 1.7 Billion, considerably up on 1985, reflects the Group's belief that the long-term view is paramount.

Its general thrust can be gauged from the fact that net sales of higher value-added products account for nearly 60% of total turnover.

Highlights were the development of methacrylic acid and methyl methacrylate monomers; the inclusion of polyether ketones in our range of high performance engineering plastics; the new optically active phytohormone herbicides (Duplosan grades) which contribute further to environmentally compatible crop protection; and developments in advanced composite materials, such as the carbon fibres used in the Beechcraft Starship 1.

Increased capital expenditure

Our Capital Expenditure programme amounted to a very significant DM 2.7 Billion.

Among its most notable achievements was the doubling of acrylic production capacity, via the opening of a second plant in Freeport USA.

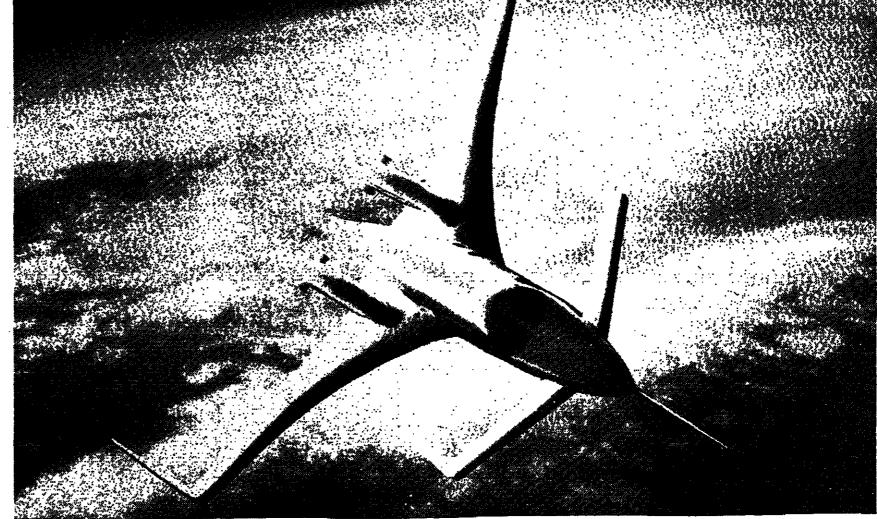
Yet further capacity will come on stream in 1988 when the new Ludwigshafen plant is opened.

Commitment to growth

Above all, underlying BASF Group's 1986 Results is a single minded commitment to growth.

The Group's philosophy is based on the long term view; the conservative valuation of assets; and the need for a continuing high rate of return from all operations.

Its overall viewpoint is strongly international – 60% of Group Sales now come from outside Germany.



Beechcraft Starship 1.

BASF

Herald Tribune.

Will the Spirits Come?

Resolving most international conflicts in order to counter the fanatics in Tehran. depends far less on discovering the proper Iranian leaders must be chuckling with outcome than on bringing it about. Until the spirits to make tough political decisions are awakened, until the stars have been aligned into a well mapped constellation, all is maneuver or pretense. Consider Nicaragua, the Persian Gulf and the Soviet-

American missile pact for Eurasia.

The dispute in Nicaragua is not mainly between the Sandinist regime and the contras, but between Managua and Washington. The Reagan team says it is prepared for talks with the Sandinists after a cease-fire. Not good enough. Only direct talks without preconditions can possibly work.

Other pieces have to move into place as well. Managua has to accept some form of contact with the contras. Other Central American countries helped by agreeing on Friday at their meeting in Guatemala to a regional plan involving a cease-fire and democratization. But the key is what Wash-

ington and Managua do next. In the Gulf, the essence of present problems is Iran and not the Soviet Union, as the White House claims. The West and the Gulf states will have to put aside long-term worries about Moscow, and their own quarrels,

delight at Kuwait's reluctance to permit its minesweepers to help U.S. convoys protect Kuwaiti shipping. The ayatollahs surely feel similar glee over the hesitations in London and Paris, although Secretary of State George Shultz now reports that these allies are coming around. Iran's power blossoms in these fears and divisions. Nothing less than a phalanx of opposition has a chance of bringing Tehran to its senses.

Soviet leaders also have to understand that the United States cannot possibly forsake West Germany to have a medium and short-range missile ban in Europe and Asia. Yet they persist in insisting that 72 aging West German missiles with nuclear warheads owned and controlled by the United States be destroyed. The obvious, only answer is to allow these missiles to wither away, and sign the treaty.

These posturings recall the exchange in Shakespeare's "Henry IV, Part I." Glendower boasts: "I can call spirits from the vasty deep." And Hotspur responds: "Why, so can I, or so can any man; but will they come when you do call for them?" - THE NEW YORK TIMES.

Not Just a Hot Summer

with the Fahrenheit temperature in the 90s more days than in any month as far back as records go. August, so far, is no great im-provement. The world's climate is changing.

The planet's temperature has swung up and down many times over the centuries. Previously the reasons were natural, chiefly the changes in the sun's radiation. But the warming trend that has been running for the past century coincides with the maturing of the industrial revolution and the accumulation of carbon dioxide in the atmosphere. Norman J. Rosenberg of Resources for the Future, a research organization in Washington, points out that the warmest three years on record have all occurred in the 1980s. The global mean temperature is now half a centi-grade degree higher than in the 1880s quite enough to produce a perceptible change in climate — and there is some rea-

son to think that the trend is accelerating. Carbon dioxide traps the heat which the Earth absorbs from the sun. That is the way a greenhouse works - or, to take a more unpleasantly familiar example, what happens to your car when it has been left in the sun with the windows closed. The car's glass is transparent to energy at the high frequencies at which the sun delivers it, but the glass is not transparent to the lower frequencies at which it is re-radiated by the warm interior of the car, it just keeps reflecting the heat back into the car. (That is also why the trunk of the car, with no windows, is not as hot as

atmosphere acts in that respect like glass. As the carbon dioxide content grows, the

atmosphere becomes less transparent to the re-radiation that the warm planet would otherwise throw off into space. Other gases also tend to interfere with the normal loss of heat through the atmosphere — chlorofluorocar-bons, ozone, methane and carbon tetrachloride, among others. But at present the most important and intractable is carbon dioxide, for it is produced by the combustion of fuel.

Previous studies of this subject have usually either counseled wait-and-see or declared that nothing can be done. In response, Irving M. Mintzer of the World Resources Institute makes three points. First, waiting is dangerous because climatic change is, for all practi-cal purposes, irreversible. Second, some further heating is inevitable. Third, the extent of the heating depends very much on the way the world generates and uses energy. If everyone continues on the present track, he calculates, by the year 2030 the global temperature might rise by 1 to 3 centigrade degrees to a range well beyond any in previous historical experience. With greater attention to energy conservation and greater reliance on solar energy, Mr. Mintzer believes, the increase could be held to half as much. The changing climate is inevitably going to affect agriculture, water resources and life in general. But the speed and cost of the change

are still subject to a degree of human control.

-THE WASHINGTON POST.

At Its Cynical Worst

short-term extension rather than a longartificial crisis to galvanize them when they have here politics at its cynical worst. come back. What they hope to force them-

regularly snap shut, and nothing happens. The problem continues to be the budget deficit. The president who created it blocks the tax increase that even many Republicans regard as the solution. The government has been stripped of the resources to do its job; a recession would expose it even further. But the president appears to be determined to on his successor. The Gramm-Rudman revivfail to hit declining deficit targets -- is ostensi-Republicans, in the gaps between stirring year of which anyone involved can be parspeeches on the need to reduce the deficit, have been working not to sharpen but to

Congress has punctually disappeared on Mr. Reagan's term. Their goal is not to put its August vacation, the only deadline it has him on the book but to let him off. The met all year. The legislators' last act on Gramm-Rudman revival has thus become a leaving town was to pass yet another short- tacit weakening of the already temperate budterm extension of the Treasury's borrowing get resolution that the Democrats adopted in authority, to keep the government in funds

June. The deficit reduction goals would be while they are at the beach. They chose a reduced. With them the pressure for a tax increase would decline, but all, of course, term extension so they would have another under the pennant of fiscal responsibility. You

selves to do then is create an even greater summer traffic jam. The budget resolution is crisis by reviving the Gramm-Rudman pro- only a statement of goals, and in part becess. But their fake skill in setting these cause these are now being refought, almost traps never quite catches up with their real no progress has been made on the impleskill, which is in evading them. The jaws menting legislation. The new fiscal year will begin three weeks after Congress returns. The House has passed a majority of the standard appropriations bills, but the Senate has passed none. Neither house has acted on a reconciliation bill to adjust those parts of the government not subject to the appropriations process. The tax bill has been put off until there is agreement whether there push the necessary task of reconstruction off should even be one. The defense bill has also been held up, because of a dispute over al — automatic budget cuts if he and Congress arms control. On some issues — the savings and loan institutions, trade, catastrophic bly meant to make him choose between a tax health insurance - progress has continued increase and his defense buildup. But Senate to be made. But thus far it has not been a ticularly proud. They should think about - THE WASHINGTON POST

Other Comment

soften the terms of the process for the rest of

American foreign policy is one or the mysteries of the age. All over the United of the administration. The bombers in Leb-States there are university departments of anon offered no targets for American retaliinternational affairs, where professors are ation, while suicide attacks in the Gulf will well paid to ponder about America's place bring down the full power of retaliatory in the world. Several excellent journals on international affairs are not only published but widely read. Congress has its numberless committees, staffed by intelligent young men and women. On the face of it, all seems set for wise decisions, soberly arrived an international effort under United Naat: the very Platonic ideal of a foreign

policy. Yet the result is a dog's breakfast. Take the present activities of the Reagan administration in the Gulf. That they are that had got itself into a tight corner and more than usually muddled and imprudent needed a dignified means of retreat. is evidenced by the fact that [Prime Minis-

One of the Mysteries of the Age ter Margaret] Thatcher will have nothing to do with them. To alienate Mrs. Thatcher has hitherto proved beyond the capabilities strikes on Iranian targets. By rippling its muscles in the Gulf, the United States will invite either derision if it does not respond or escalation to a major conflict if it does. There is now talk, more wishful than real, of tions auspices to clear the Gulf of mines. It would not be the first time that the United Nations has been used to rescue a power

- The Observer (London).

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The Arab Side Should Be Fighting to Win

W ASHINGTON — In the long Arab Persian war in the Gulf begun by Arab Iraq's aggression, the Persians have been fighting to win while the Arabs have been fighting to settle. If those strategies continue, the Persians in Tebran will triumph and the United States will have involved itself on the losing side.

For the Persians to win — that is, to depose Iraq's dictator and to achieve fundamentalist religious dominance throughout the Arab world — Iran must be certain to maintain the oil income that equips its armies and feeds its people.

That means, first, transporting its oil by tankers through the Gulf with some guarantee that the cargoes will not be destroyed by Arab planes. Second, the victory strategy demands that the price of that Iranian oil be maintained at a level nigh enough to support Iran's military machine.

Taken together, high-priced oil transported safely will buy Persians the guns and missiles needed to back up their will to win. How are the Arabs and their American allies

combating this strategy? Very curiously. The United States, after one of its warships was attacked by an Arab bomber, has rushed to protect Arab shipping in the Gulf. It fails to grasp that the main threat to shipping comes from Iraq, which must reduce the outflow of Persian oil, and it disregards the first rule: "Free navigation" benefits the Persians (ar more than the Arabs.

But in reflagging Arab tankers and using U.S. warships to protect them, the United States is also telling the Iraqis to stop attacking Iranian shipping. The high-minded U.S. strategy seems to be to bring cease-fire to Gulf waters, with each

That is exactly what the Persians want. That is why an Iranian mission has been dispatched to Kuwait to offer a deal: Get Arab Iraq to stop its effective bombing of our tankers, say the Per-sians, and we will stop our ineffective efforts to interdict your shipping. The Iranians would thus get what they need — unmolested transport of their oil. The United States would have intervened on the side of the Arabs but, in the name of free navigation, would be aiding the Persians.

Therefore the result of the American interven-

tion is likely to help the Persians win, which is not the stated goal. Washington has been suckered by the nervous Kuwaitis into a no-win strategy that undermines the Iraqis and protects the oil delivery of their common Iranian enemy. What about the second pillar of Persian economic power? The price of oil is a key to Tehran's

tankers transporting Iranian oil. The Saudis know this. A couple of years ago, to starve the Persians into submission, they

ild be as severe a blow as sinking half the

victory plan. If the price of oil were to be halved,

By William Safire

agreed with their Arab brethren to raise production and thereby reduce world oil prices. That was Sheikh Ahmed Zaki Yamani's tinest hour in the price manipulation business; oil prices collapsed to less than \$10 a barrel.

The Saudis, who could "lift" oil at a cost of half a dollar a barrel, lost little on the increased production: the Iranians, who produce at six times that cost, lost two-thirds of their oil revenue.

That was when the Iranian oil minister paid a visit to King Fahd in Riyadh. Reduce production to raise prices or else, was the message; Iran was prepared to stimulate an uprising of Shiite fol-lowers of Ayatollah Khomeini within King Fahd's sparsely populated kingdom.

The nervous Saudis caved in Sheikh Yamani was fired, production was cut and the price of oil has risen to more than \$20 a barrel.

to the Sandis the reality of their threat, have just

infiltrated thousands of demonstrators armed with bombs into the most holy places of Islam, with instructions to martyr themselves in stampedes. The Saudis suppressed the demonstrators and, more significantly, responded by demanding that errant Syria declare its solidarity with the Arabs.

They Think

The Systems Are Alike

By Jim Hoagland

MOSCOW — Noticing a guide-book in English tucked under a

stranger's arm, a balding, bearded

Tourist? You have come to see Geor-

gian town, not Russian town. Good,

good. Very different here," says this teacher, chatting as amiably as would

an Italian in Rome who wanted to

practice his English by making small talk about his country and mine.

But a few steps farther along Rusta-

veli Avenue, the teacher suddenly falls

silent and remembers a previous ap-

pointment across town when I ask him

to translate the writing on three posters in display cases facing onto the

avenue. They show cartoon drawings of fierce Afghan tribesmen, daggers between their teeth and dollars stuffed

into their turbans, killing innocent civilians. Portine U.S. Army officers

and bankers devour gold coins as

American citizens starve.

What do Soviet citizens really known and think about Americans? In the

sunbaked and dusty streets of Tbilisi.

where Europe ends and the Middle

East and Asia begin, answering that question remains as problematical as

it does elsewhere in the Soviet Union.

lish-speaking teacher probably oc-curs by chance rather than by sinister

design. Georgian teen-agers, rather than the KGB, keep you under sur-

veillance as you leave your hotel, and sidle up within a few blocks to ask

discreetly if you want to change dol-

But even in this more relaxed

atmosphere, relentless official propa-

ganda about the iniquity of the

American MIC (military-industrial complex) and an obsession with se-

crecy can shut down human contact

and attempts at understanding quick-

ly. The teacher's aversion to describ-

ing posters hanging on what I later discovered to be a military office building is only one reflection of that.

There are other signs that the much

touted new openness of Soviet society has done little to change the way in ke

which Soviets view American society. One of the clearest for me is a certain

stubborn refusal to be surprised by

any of the unsavory acts that have

been brought to light under the Iran-

To the extent that it can be success-

fully decoded and put down in synop-sis form, the true Soviet reaction to

Iran-contra affair seems to me to run

Surprised? Not at all. This is what we

have been told all along. Of course there were secret plots hatched in the Situa-tion Room of the White House that were

the real policy, while Congress put on a big show about being the voice of the people and the source of laws. We know

all about making showcases of parlia-ments and constitutions, while the dirty

And we have had our own experiences

with show trials, or what you call congressional hearings, when somebody other than the leader has to take the

blame. You have a particular American twist, with the instant rehabilitation of the purged officials by television audi-

work eets done somewhere else.

contra heading in Washington.

something like this:

lars on the black market.

A chance encounter with an Eng-

Georgian stops on the street and breaks into English. "American?"

But - and here is the central difference between Persian and Arab core attitudes in this war - the Sandis have not even threatened to raise production and cut the price. They are still hoping to settle, not using their economic power to help Iraq fight to win. King Fahd has taken the riots on his soil as a Khomeini threat, requiring thetorical anger and behind-the-scenes amelioration, and

not as a provocation calling for real retaliation. While the United States is in effect helping Iran move its oil safely, the Saudis are helping fran keep its prices high. So the Persians are able to buy nearly a billion dollars a year worth of arms from China to equip legions of would-be martyrs.

Until Arabs decide to fight to win, the purpose-

ful Persians will not be stopped. The New York Times

A Second Italian Policy Is in Reserve

By Enrico Jacchia

ROME — Would a multinational naval force be the right answer to Iran's mining of the Gulf? The idea is making the rounds in Rome. Two quite different policies are suggested. Foreign Minister Giulio Andreotti wants to avoid direct Italian military involvement in the

Iran-Iraq war and maintains that only the United Nations might intervene, by setting up a multi-national force for minesweeping. At his urging, the cabinet announced that position on Friday.

Past experience with the United Nations is not

encouraging, but Mr. Andreoth's proposal has the immediate political goal of offsetting the negative reactions provoked at home and in the United States by rejection of Washington's request for

cooperation in minesweeping in the Gulf.
Former Prime Minister Bettino Craxi has put
the other policy line bluntly, saying that "the oil
supply from the Gulf is vital for Europe" and it is "therefore a political responsibility of the Europe-ans to make sure that the oil flow is not stopped." An integrated minesweeping flotilla sailing up the Gulf under a European Community flag is surely a mirage. But it would be different if several European countries, necessarily in coordination, sent minesweepers to the international waters of the region. If the operation were confined to clearing mines, it would have a solid precedent.

From August to October 1984, ships of the U.S., French, British and Italian navies were sent to the

Canal and the Gulf of Aden by a still unidentified country or group. The four countries had been asked to do so by the Egyptian government, which coordinated the activities of each naval group from Cairo on a bilateral basis. The naval commanders retained their autonomy and received

because of the war between Iraq and Iran. A multinational force operating there would certain be considered hostile by Tehran — and by

for minesweeping support in the Gulf.

If the situation deteriorates and, as may be expected, the United Nations does not act quickly, several European countries will be forced to take a direct responsibility in the Gulf and participate at least in clearing mines from international waters. This would require some form of cooperation, and the successful 1984 Red Sea operation, it is widely

believed in Rome, is a good model.

Optimists in the Italian capital expect that nothing will have to be decided before Caspar Weinberger, the U.S. secretary of defense, visits Italy in mid-September. The reluctance to face the Gulf problem is partially explained by the feeling that the threat posed by Iran is not principally military

It is widely thought, too, based on past experience with radical Arab states, notably Libya, that Iran's retaliation against an Italian naval presence in the Gulf would likely result in blood being spilled on Italian streets.

If nothing dramatic happens before Mr. Weinberger's visit, Mr. Craxi's position is likely to gain broad public support in Italy, since the European option would satisfy almost everyone. Many admit, however, that the difficulties in applying the

International Herald Tribune.

their orders from their national authorities. The situation in the Gulf is more complicate

Moscow, if the Soviet navy were not included.
Still, it is imperative for Europe to keep oil supplies flowing. This is acknowledged in Italy and the other EC countries, despite the refusal of Washington's European allies to honor requests for mineramenting generating the Cold.

but is one of political subversion.

This being the prevailing feeling, nobody should be surprised by the Communist attitude, which is adament: Hands off the Gulf region. The small lay parties — Republicans, Social Democrats and Liberals — have criticized the government for its refusal to send minesweepers to the Gulf; they would all back an eventual European initiative For now, the Christian Democrats back Mr. Andreotti's line of total reliance on the United Nations, but they would certainly not oppose a Euro-

European option are considerable.

Hindu-Moslem Tension Mounts as Gandhi Zigzags

N EW DELHI —As he begins his third year in power, Prime Min-ister Rajiv Gandhi is a harried man. Trouble after trouble has visited his government in the last six months.

Recently in Parliament he again denied that he or his family had received any kickbacks in a \$1.3 billion gun deal that the government concluded last year with Bofors, a Swedish company. All opposition parties, important members of the ruling Congress (I) Party and a large section of the press and public think that the deal is shady. For the first ous and of short duration. Now they time, public propriety has become a

While enjoying unaccustomed success with the agreement between In-dia and Sri Lanka designed to settle the bitter war between Tamils and Sinhalese, Mr. Gandhi is elsewhere confronted by mounting problems. Violence in Punjab is on the rise. Delhi and other cities. In the last 18

Suspected Sikh terrorists killed five months, 60 major and minor instances Hindus in the Sikh holy city of Amrit- of Hindu-Moslem violence have oc-

cessive exposure to the sun. Something else that Mr. Reagan

should loudly proclaim is, "Protect

the ozone layer." The message could be vital to cementing an inter-

national agreement to stop ozone

depletion, which threatens to vastly increase already high levels of skin

cancers - some of which unlike

The stratosphere's ozone layer.

the first line of defense against the sun's ultraviolet rays, is beginning to thin because of industrial gases.

Sun screens and protective cloth-

ing are important weapons in com-

bating rising rates of skin cancer. But Interior Secretary Donald Ho-

del took this notion to an extreme

two months ago when he recom-

mended their use in lies of regula-

tions to protect the ozone layer.

The suggestion, akin to issuing gas

masks to mitigate air pollution,

met with appropriate decision. But

the administration has never re-

Scientists have known for more

than a decade that industrial chemi-

slowly eating away at the ozone

nounced Mr. Hodel's logic.

Mr. Reagan's, will be fatal.

killed three other Hindus, and two Sikhs were shot dead. The killings

raised to 615 the number of deaths in Punjab related to ethnic violence. What could tear apart the little social peace that remains in India is the fervent revival of old antagonisms between the two largest religious com-munities, Hindus and Moslems. Their antagonisms are centuries old.

are bloodier, well planned and more dominant issue in the world's largest but none-too-clean democracy.

destructive, and they last for months.

Parts of Delhi have been under police curiew for more than two months.

cesses are readily available - or

could be, with a nudge from govern-

ments. But international negotia-

suished until an ozone hole was

With recent findings pointing at

chlorofluorocarbons as the likely

culprit, about two dozen countries

have moved rapidly toward an ac-

cord that would sharply reduce pro-

duction during the next decade. In

fact, negotiators moved to the brink

of agreement at a bargaining session in Geneva last April, before Mr.

Hodel entered the fray.

A final protocol is due to be

signed at a meeting next month in Montreal. With critical details still

undecided, the delicate consensus

The president's public leadership.

sharpened by his personal medical

history, could be vital in clinching

Mr. Oppenheimer is a scientist, and Mr. Dudek an economist, with the

Environmental Defense Fund, a non-

this comment to The New York Times.

the deal to save the ozone layer.

could easily evaporate.

tions to solve the problem

discovered over Antarctica.

The northern city of Meerut, which saw the first war of Indian independeace in the 19th century, this April witnessed a bloody riot, with 23 persons killed. Violence soon spread to

Reagan's Nose Could Change

The Whole Face of the World

By Michael Oppenheimer and Daniel J. Dudek

N EW YORK — After a third layer. They are widely used in refrig-

N bout with skin cancer, President Reagan's nose, as he noted, is manufacturing, aerosols and as sol-

a "billboard" warning against ex- vents. Substitute chemicals or pro-

cals called chlorofluorocarbons are profit organization. They contributed

By Bharat Wariavwalla sar late last month; Sikh gummen also curred in the largest state of the union, Uttar Pradesh, killing more than 200 people and leaving more than 1.000

injured: hundreds of thousands have been left homeless and jobless. The canker of communal violence has spread to the countryside. In May, armed clashes between Hindus and Moslems happened in places that had never experienced such things before. Violence broke out between the members of the two communities in some

villages of the western state of Maharashtra. The issue was water. But it could be anything - the potential for rural violence is high. Immediate causes are trivial: A scrap over rickshaw fare, a salacious gesture by a man of one community toward the girl of another, or plain rumor, Anything can touch off a major clash these days. Fear and hate grip many. Volatile Hindu-Moslem relations

need sensitive and dexterous handling. The government has shown neither. In the last year, on many issues, Mr. Gandhi has faltered; zigzags have characterized his policy. Gone are the purpose and direction he gave the country in his first year in power.

A policy reversal on the Moslem

issue last year has cost him dearly. By enacting a piece of legislation called the Moslem women bill, he lost the support of progressive and liberal-minded Moslems plus the Hindus. The bill legally binds Moslem women to seek justice on matters of marriage, divorce and alimony only within the cannons of Moslem religious laws. A Moslem woman who wishes to seek redress under the more just Indian civil code, patterned after the Anglo-Saxon code, is now legally barred from doing so. Democratic India denies a Moslem woman the freedom to choose a legal system she prefers. Initially Mr. Gandhi was clearly for

giving such a choice to Moslem women, but he retreated under pressure from Moslem zealots. Hindus in the barge Hindi-speaking areas of north and central India are as angry as liber-al Moslems. They think the government is too soft on the Moslems, Asked a Hindu leader, "Does any country give so many privileges to a minority as we do to the Moslems?"

Electoral arithmetic would demand that Mr. Gandhi and his party come to terms with the new religious assertiveness in the Hindi belt. Hindu support Hindi belt; last month it had a crushing defeat in the state of Haryana. Appealing to the Hindu voter along religious lines is always difficult. The Indian state is built on the principle of

secularism. The word is a misnomer,

days of Mahatma Gandhi and Pandit Nehru has made secularism the cornerstone of the constitution.

Hostility to Pakistan, however, has great electoral appeal. Pakistan is an ideal surrogate for Hindu hostility toward Moslems. Indira Gandhi understood this. Before her assassination in 1984, she skillfully exploited Hindu-Moslem tensions by focusing outside, presenting Pakistan as the arch foe. out to undo Indian unity. No doubt she had good reasons to be fearful of the Pakistani military regime, but her exaggeration of the threat was partly a

policy of wooing the Hindus. Her son seems to have reverted to his mother's policy. Rajiv Gandhi began by extending a hand of friendship to Pakistan and Sri Lanka. Without sacrificing security interests, he was prepared to explore ways of cooperating with Pakistan. The movement toward peace was abandoned in mid-1986, partly because of Pakistan's intransigence on the nuclear issue. Pa-kistan is determined to be a nuclear power, and perhaps so is India.

But the policy of living in peace with its neighbors was also given up for domestic reasons. When things are bad at home, Pakistan-baiting is al-ways useful. That is what Mr. Gandhi did at a recent public rally, sounding as crusty as his mother.

The writer is a senior fellow at the Center for the Study of Developing Societies in New Delhi. He contributed this comment to the Los Angeles Times.

as is the Soviet state. Here it simply means separation of politics from religion. The Congress Party since the

and lots of party congresses, but we know how impatient you Americans are. So let us not waste time with talk about the self-correcting mechanisms of the American system, which turns out to be pretty much like ours. The self-interest in such commentary by Soviets would be palpable. But Lieutenant Colonel Oliver North and Rear Admiral John Poindexter did all they could, in word and deed, to cou-

firm the stereotypes of Americans that Russians and others hold. This will be among the most lasting contributions of the Iran-contra gang. That was brought home to me on the airplane from Tbilisi back to Moscow not by anything said by a Russian but by something written by Edward L. Rowny, the retired general who is special adviser on arms

control to President Reagan and Sec-retary of State George Shultz, in an article that he published in the spring issue of The Washington Quarterly. I had put the article aside to read in conjunction with arms control interviews I had scheduled in Moscow. But with the final stages of the congressional hearings and the Russian refusal to be surprised by them very much on my mind, I found these remarks by General Rowny to define; inadvertently, the great damage wrought by North & Co. abroad: "Our open society ensures that our programs are consistent with

their stated intentions. This is in contrast to the U.S.S.R... "

The Russians, reading about the colonel shipping arms to the ayatol-lahs with Mr. Reagan's express consent, say they are not so sure, General. The Washington Post.

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IN OUR PAGES, 75 AND 50 YEARS AGO

1912: New York Reacts 1937: Fear in Shanghai NEW YORK — [The New York SHANGHAI — Following the kill-Herald says:] To our friends in other cities who are pointing their fingers at the Hung Jao military airfield [on Manhattan Island and saying, "O Lord, how thankful we are that we are not as New York," we would say, are not as New York," we would say, the proposal for a similar invident.

watch New York clean house and take a lesson. We would say this even in the face of the fact that quite as a matter of ordinary occurrence, within a few hours after Police Lieutenant Becker was locked up without bail, there was a fatal shooting affray in the "card room" of a well-known restaurant one block off Broadway. is why Congress remains in power. But Only one man was killed and only the party may be in decline, even in the two were scriously injured, but the card game was seriously interrupted. Indeed, law enforcement matters have begun to move. The Mayor has summoned his typewriter and refor the state is not opposed to religion, in the "Tale of Two Cities."

out in reprisal for a similar incident in 1932 when thousands of Chinese were slain. More than 60,000 panicstricken Chinese already have evacuated their homes. Large numbers are pouring into the international settlement, while thousands can be seen cowering in the streets frequented by Europeans. According to Chinese sources, Japanese officers escorted by marines, all of them wearing civil-ian clothing, tried to force an entrance into the airfield in automobiles. When summoned to stop, the Japanese fired. The Japanese version says that Chinese soldiers fired on a sumed pegging away letters with all says that Chinese soldiers fired on a the industry of Dickens' shoemaker naval officer and his chauffeur as the latter was driving into the airfield.



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Sandinists Hail Accord But Warn of Obstacles; **Opposition Is Cautious**

By Stephen Kinzer
New York Times Service

MANAGUA - The Sandinist important obstacles remain.

The agreement stipulates an end to the state of emergency in Nicaragua. For five years, the Sandinist government has used emergency, rule to prohibit major political demonstrations and restrict civil

They expressed doubt that the

Alejandro Bendana, an official with the Nicaraguan Foreign Ministry, appearing on an ABC News program, said Sunday: "It's a complex package and many of its dewhat we are underscoring is the will to arrive at peace through negotiations and what we need now is the United States' concurrence, be-cause the main thing is to halt the fighting in Central America. That means the U.S. must halt in turn its war against Nicaragua."

He said there was nothing in the Guatemala plan "that says we have to sit down and talk with the con-

"The contras are a creature an recognize this; when will Washing-

ton recognize this?"

The Guatemala accord says that "complete freedom for television. radio and press should exist," and that all countries in the region should decree amnesties and embark on "an authentic democratic pluralist process."

In a nationally broadcast speech Saturday, President Daniel Ortega Saavedra indicated that there would be no immediate political

Until now, the Sandinists have maintained that questions such as press and political freedom were internal matters that could not be covered by any international agree-

The other main aspect of the accord, the prohibition of outside aid to insurgents in Central America, prompted guarded hope in Nic-aragua that the civil conflict that has devastated the country since 1982 might be ended.

"We have entered another phase in the struggle for peace." the official Sandinist newspaper Barricada said in an editorial.

The newspaper said that the basis of the Guatemala agreement. was recognition of "dialogue and weaknesses of the system," he said. negotiation as the only way to reduce differences, the only course for civilized nations."

Aboard the airliner that carried him back to Managua, Mr. Ortega described the agreement as "a first great, transcendent and historic

tral America," he said. "We cannot yet have great expectations."

He added, "We hope the United government has described the ac- States government will act rationalcord signed Friday by five Central ly for the first time, that it will American leaders as a historic step respect this agreement of Central toward peace but has warned that American leaders and leave us in

The clandestine September 15 radio on Saturday broadcast reac-

Sandinists would comply with clauses requiring democratization and free elections.

Alfonso Robelo Callejas, a for-mer member of the Sandinist junta, tails need to be worked out, but said that Nicaraguans had "an experience of betrayal" at the hands of the Sandinists. "We are familiar with the Marx-

ist-Leninists," Mr. Robelo said. Another contra leader, Adolfo Calero, said that he was willing to work for peace in Nicaragua as long as Sandinist authorities committed themselves to "a peace with



President Daniel Ortega Saavedra of Nicaragua, left, confering with President José Napoleón Duarte of El Salvador before signing a regional peace accord in Guatemala City.

creation of the United States," he added. "The Central Americans recognize this; when will Washing-

By Stephen Engelberg New York Times Service

WASHINGTON -- Revelations in the fran-contra hearings, including details of amateurism and bungling, have shaken the confidence of foreign officials in U.S. secret operations, government officials say. They add that the disclosures have prompted the intelligence services of some friendly nations to share less information with the United States.

Although members of the Irancontra investigating committees and Reagan administration officials insist that no classified information was disclosed during the hearings, they acknowledge that the continuing exposure of the government's inner workings carried some costs.

William S. Cohen, Republican of Maine and a member of the Senate fran-contra committee, acknowledged that the detailed picture of ineptitude produced by the hear-ings would concern foreign officials and intelligence officers.

"There have been costs and embarrassments from exposing the "But it's been necessary. Once you put things back on an even keel, those countries will regain confidence because we have confidence in ourselves."

Several witnesses at the hearings said during public testimony that the detailed disclosures of the arms "We still have major steps to sales to Iran and the secret support take before there is peace in Cen- for the Nicaraguan rebels, known

national security.

Lieutenant Colonel Oliver L. North, among others, contended that the hearings had "revealed matters of great secrecy in the operation of our government, and sources and methods of intelligence

activity have clearly been revealed

from some countries said they were startled when former U.S. officials openly admitted that the United States, as of six months ago, had virtually no useful intelligence on

Although most testimony dealt with intelligence activities by mem-bers of the National Security Council some operations of the

There have been costs and embarrassments from exposing the weaknesses of the system. But it's been necessary.'

-Senator William S. Cohen

ate committees, including some Central Intelligence Agency were conservative Republicans, dis- disclosed as well.

'No intelligence information was compromised," said Representative Thomas S. Foley, Democrat

> vices "could learn more from reading Henry Kissinger's memoirs."
> The hearings received mostly approving reviews from the foreign press, with most praising the strength of the American democracy in being able to conduct such a public inquiry, according to a State official said. Department summary of world-

The hearings have had several effects. One official said, for example, that intelligence officers in Costa Rica became less cooperative with their American counterparts An administration official con- after watching television coverage tended that hostile intelligence ser- of the hearings received by satellite in San José, the capital.

This official suggested that the Costa Ricans might be afraid their secrets could be publicized in some future public hearing in the United States. "Virtually every source we had in the country dried up," the

official said counterterrorism offi- operations

gence services had told him they had been struck by the ineptitude of the Iran and contra covert oper-

Although countries like Saudi Arabia were irritated when their

mittees said that one of their main neatly typed and emanating from goals had been to avoid damaging an address in the American zone of American intelligence gathering, occupation,"
particularly by the CIA.

As a result

hoped to avoid repeating the expe-which American intelligence offirience of the mid-1970s, when several illegal and unsavory operations involving assassinations and manipulation of governments were

The years after those inquiries were marked by low morale and bureaucratic timidity at the CIA and other intelligence agencies. Senator Daniel K. Inouye, chair-

man of the Senate Iran-contra committee, said that the panel had decided against public testimony by Robert M. Gates, deputy director of intelligence, in part to avoid embarrassing the CIA. For example, Mr. Inouve said,

Mr. Gates would have been forced was No. 2 at the agency, William J. Casey, the director of central intel-A former American intelligence dark about the Iran and contra

Study Says U.S. Aides Helped Nazi Associates Enter Canada

By John F. Burns

New York Times Service TORONTO - A study for a Canadian government commission says that people who would have been considered "undesirable Nazi collaborators" were admitted to Canada as immigrants after World War II because of incomplete and misleading information supplied

by U.S. intelligence officers. The study, by Alti Rodal, a historian living in Ottawa, was compiled for the Deschenes Commission. The commission compiled an official report on war criminals in Canada that the government published in March.

The Rodal study, based on secret documents and extensive interviews with officials, influenced the commission's recommendation that immediate action be taken against 20 alleged Nazi war criminals living in Canada and that 218 other immigrants be subjected to lurther investigation.

The government introduced legislation, still pending, to allow for war crimes trials in Canada. But it ignored the commission's recommendation that the Rodal study be published, and it released the report only last week, heavily censored, after The Toronto Star petitioned for the document under Canada's Access to Information

The study says that government inquiries in recent years have showed that in the early 1950s U.S. intelligence officials pushed "eastern Europeans with false identities through the immigration stream to

At the time, according to the support of the contras became pub-study. William Kelly, a Royal Ca-lic — after they had denied giving nadian Mounted Police officer support - officials expect them to screening immigration applications continue aiding covert action of in Germany, became suspicious mutual interest about U.S. intentions when he no-Leaders of the Iran-contra com- ticed a number of applications "all

As a result, the Rodal study con-Several panel members said they tends, there were instances in cers withheld information from and misled Canadian authorities as to the true background of prospective immigrants to Canada, persons who would have been inadmissible on grounds of 'moral turpitude,' the category for undesirable Nazi

> Elsewhere in the study, Miss Rodal concludes that "significant numbers" of war criminals were among the 620,000 immigrants who came to Canada in the two decades after World War II from 12 European countries where war crimes were common.

The study's conclusions appear to acknowledge that although he to tally with the U.S. Justice Department's disclosure in 1983 that American intelligence agencies in ligence, had kept him largely in the Europe knowingly employed and protected former Nazis, including lation that the administration op-

it possible for them to leave Europe Pope Pius XII. and settle elsewhere, notably in South America.

headlines here, her study also con-vakia. tained much that was embarrassing to the Canadian government. She asserted that two alleged

Nazi war eriminals were admitted to Canada in 1983 because a German-born senior officer of the Mounted Police, along with other officers described by the study as having sympathies that "inclined them towards leniency with regard to former Nazis," destroyed documents relating to the immigrants' Nazi pasts.

As released, the study offers no information about the identities or whereabouts of the alleged collaborators who entered Canada with the assistance of U.S. intelligence officers or of the two men who entered in 1983.

The government, in censoring the document, said that it was doing so to protect individuals and ensure fair trials if any of them in which he opposed measures prowere brought to court.

Some of the censorship involved passages dealing with two former cation on the ground of cabinet prime ministers, the late Louis St. secrecy.

convicted in a French court of Laurent and Pierre Elliott Trudeau. crimes against humanity.

Mr. St. Laurent is depicted as
having agreed to the resettlement in that American officials had assist- Canada in 1949 of a Nazi collaboed some of the former Nazis in rator from Czechoslovakia, Karol acquiring new identities that made. Sidor, after a direct appeal from

Mr. Sidor, previously commander in chief of the Hlinka Guard, a Although it was Miss Rodal's Slovakian storm trooper unit, had Ilegations about the role of U.S. been reassigned to the Vatican as intelligence agencies that made the delegate of Nazi-occupied Slo-

The study quotes a letter from the Apostolic delegate in Canada telling the Canadian authorities that he "cannot settle down anywhere in Europe without undergoing serious inconveniences and vex-

Mr. St. Laurent, who retired in 1957, was also depicted as having been "personally involved" in communicating with purported Nazi war collaborators from Vichy France who settled in Quebec after having been convicted in absentia

Mr. Trudeau is described in the study as having opposed action against purported war criminals when the matter was put before the cabinet in the early 1980s.

Three pages of the study dealing with his attitude and with instances posed by other members of his government were deleted before publi-

U.S. States It May Close PLO Washington Office

By Charles R. Babcock Washington Pasi Service

WASHINGTON - After months of internal debate, the Reaan administration has said for the first time that it is considering closing down the Palestine Liberation Organization's office in Washing-

According to State Department officials, recent PLO actions, such as keeping Mohammed Abu Abbas, mastermind of the Achille Lauro hijacking in 1985, on its executive board, contributed to the decision on the politically sensitive

The PLO's Washington office and its office at the United Nations are the target of legislation by members of Congress who argue that they are symbols of terrorism. Other members counter that shutting the office would violate U.S. ecepts of freedom of speech and harm U.S. efforts to arrange peace talks between Israel and a Jordan-Palestinian delegation.

Secretary of State George P. Shultz wrote sponsors of the legis-Klaus Barbie, who was recently poses the bill because it would vio-

late the president's powers in foreign policy. But he added that the administration is considering closing the PLO's Washington office, the Palestine Information Office, on its own.

"Closure of the PIO as a foreign entity,' allowed up to now to operate by the U.S. government, would of course represent a symbolic shift in the U.S. government's relationship to the office, underscoring our disapproval of the PLO's retention of Abu Abbas on the Executive Committee," Mr. Shultz wrote in a July 31 letter to Senator Charles E. Grassley, Republican of Iowa, and Representative Jack Kemp, Republican of New York, sponsors of

the legislation. "Such a gain may be sufficient to warrant Executive Branch action in this regard at the appropriate time," Mr. Shultz added.

His pronouncement followed months of internal discussions by State and Justice Department lawyers on the legal authority for such

One State Department official said that the U.S. authorities were "shocked" by the PLO's decision at a recent conference in Algiers to put Mr. Abbas back on its executive board. The United States has sought his extradition on hijacking and murder charges since the hijacking of the Achille Lauro cruise ship in October 1985, which resulted in the murder of an elderly American.

The Shultz letter noted that closing the PLO observer mission at the United Nations would violate a U.S. treaty obligation and would lead to a probable defeat at the World Court and "a propaganda gain" for

SHE HAS THE STRAIT DOWN COLD — Lynne Cox, 30, swimming ahead of two escort boats on her way to crossing the Bering Strait, which separates Alaska and the Soviet Union. Despite spending about two hours in 6-

The Californian set out from the U.S. island of Little Diomede and swam more than four miles to compensate for tides and currents in making the 2.7-mile crossing. No one is known to have attempted such a swim before. A degree-centigrade waters, Ms. Cox, inset, was all smiles spokesman for the U.S. Coast Guard said that a person

Friday after reaching the Soviet island of Big Diomede. would normally survive only 30 minutes in the icy water.

Pretoria Says It Will Negotiate on Namibia

By John D. Battersby

New York Times Service CAPE TOWN - The South Airican government, having reopened security talks with Mozambique after a two-year lapse, now appears ready to negotiate with Angola and Cuba on withdrawing Cuban troops from Angola and an independence settlement in South African-ruled South-West Africa.

Neil P. van Heerden, the direc-

He said that included Cuba. Aneola and the South-West Africa People's Organization, or SWAPO, the guerrilla organization that has been fighting for independence for

tor-general of the Department of Soviet commitments in Angola over the partial withdrawal of an Foreign Affairs, said that South would allow the Angolan govern-Africa would talk to any party in-volved in the issue of independence Mr. van Heerden took part in Mr. van Heerden took part in for South-West Africa, or Namibia. ministerial talks last week with Mo-

President José Eduardo dos San-

But he said he doubted whether he was prepared to be more flexible estimated 35,000 Cuban troops in his country in return for indepen-dence of South-West Africa, the withdrawal of South African troops from Angola and an end to zambicans that led to a revival of a U.S. aid to anti-government rebels. nonaggression pact agreed upon in

tos of Angola said in late July that

The Angolan rebels are backed by South Africa and receive \$15 million a year in military aid from the United States, Both the United States and South Africa have linked any progress toward Namibian independence to the withdraw-

> secretary of state for African affairs, Chester A. Crocker, and Mr. Dos Santos ended abruptly last month, with Mr. Crocker calling them "a waste of time." But Mr. Dos Santos has since extended an offer to Pretoria of four-way talks with South Africa, Cuba and the

prevent further contacts between Pretoria and Angola. He said that despite U.S. sanc-

cussed the purchase of Brazilian tions and corporate disinvestment in South Africa, he did not believe there had been a fundamental

Mail-In Testing Kits for AIDS Draw Criticism From U.S. Health Officials

By Lori B. Miller

New York Times Service NEW YORK - Several U.S. companies plan to offer mail-in testing kits for the AIDS virus, stirring concern among public health officials and drawing criticism from many doctors and others who

work with AIDS patients. The companies promoting them say they will reach a segment of the population that would otherwise go to a physician or to a public at-home blood-sampling kits. testing site because of the stigma associated with AIDS, or acquired immune deficiency syndrome.

But many health experts question the accuracy of the mail-in tests. And they say it is dangerous to notify users of the kits about positive test results without offering them personal counseling about the implications.

"Right now. there is nothing more devastating than finding out your AIDS test might be positive," said Dr. Robert E. McAfee, a trustce of the American Medical Association and a surgeon in Portland, Maine. "Finding out over the telephone does not meet the compassionate, sensitive, psychological needs of a patient." Most of the kits require an indi-

ridual to prepare a blood sample at

home and send it to a laboratory been made very clear: We have for evaluation. Those using the kits always stressed that testing should would identify themselves by num- not be done without pre- and postber and would receive their test test counseling, and this is a posiresults either in the mail or over the tion of every public health author-

telephone. The kits, costing \$24.95 to \$50. would be sold in pharmacies and medical clinics as well as by mail-

At least three companies are awaiting approval from the Food not get tested: people who refuse to and Drug Administration for their One test-kit company that is al-

ready operating. National AIDS Testing Hotline Inc. in Fort Lauderdale. Florida, requires customers to have blood drawn at a professional laboratory. They then send it to the company for private notification of results.

The FDA said it was studying whether the company's procedures were subject to federal approval. Some officials say they suspect that other companies have been of-

fering similar services without fed-

eral approval. Robert Komescher, project officer at the Centers for Disease Control in Atlanta for the AIDS National Hot Line, said federal health officials took a dim view of mail-in AIDS testing kits. He said:

"Our position on testing has



Pentagon Clears Japan Firms

New York Times Service

Department, in an unusual move, has said its officials had no knowl- Pentagon's export control office, edge of high-technology diversions quoted Mr. Bryen as alluding to the involving the NEC Corp., Mitsubishi Heavy Industries or Sumitomo day, the Pentagon said Mr. Bryen

Heavy Industries. All three companies have been named in news reports in Japan in gaged in any diversions.

the last week, after a Japanese news NEW YORK — The Defense paper, drawing on an interview with paper, may be partment, in an unusual move, Stephen D. Bryen, who heads the companies. In its statement on Fri-

had been misquoted. NEC has strongly denied it en-



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ian manufactured goods, it was an-

Brazil Boosts Angolan Oil Imports raised concern over oil supplies Africa," said Mr. Van Dunem be-

By Juan de Onis

al Herald Tribune RIO DE JANEIRO — Brazil has signed an agreement with Angola to increase oil purchases, further strengthening its ties with black Af-

An economic agreement reached

in Rio de Janeiro last week will double Brazilian oil imports from Angola to 20,000 barrels a day. For its part, Brazil will extend a nance Angolan imports of Brazil-

purchases from Angola came as heavily on oil exports. military hostilities in the Gulf

from that region. Brazil is importing 235,000 barrels a day from lraq,

Sandi Arabia, Kuwait and Qatar. The deal with Angola, reached during a visit to Rio last week by Pedro de Castro Van Dunem, the Angolan minister of production, had political as well as economic significance for two countries that have historic and ethnic ties as for-

mer Portuguese colonies. Today, Brazil is an industrialized \$100 million line of credit to fi- country that experts manufactured goods, including arms, and has contractors with international experience building highways, dams armored vehicles. The agreement on increased oil and railroads. Angola depends

"Brazil has been asleep toward

development." The Angolan minister delivered an invitation to President José Sarnev to visit Angola, a "front-line" African country that has accepted Cuban military involvement in its

al of Cuban troops from Angola. Talks between the U.S. assistant fore flying home to Luanda. "It is time Brazil began to invest in Africa as a contribution to its own

Namibian rebels. hostilities with the South Africabacked UNITA rebels. Brazilian press accounts, which could not be officially confirmed, said Mr. Van Dunem had also dis-

Mr. Van Dunem signed an agreement for Brazilian teachers and change in Washington's policy tohealth technicians to go to Angola. ward Pretoria.

Mr. van Heerden said that the breakdown in talks between Angola and the United States would not

Allies, Fearing Terrorism, Exclude Iranian Officials From West Berlin

BERLIN - The Western allies barred a number of Iranian diplomats and other officials from West Berlin over the weekend against a background of growing concern that U.S. involvement in the Middie East could provoke guerrilla Berlin, Hamid Reza Assefi, dis-

The United States, Britain and France, the allied military administrations in charge of security in the city, issued a decree Saturday effectively excluding 10 to 20 officials of the Iranian Embassy in East Berlin and Tehran's consulate in the western sector of the city.

An allied spokesman would not say how long the officials in West Berlin were given to leave the city. But one security source said they would have to be out by Tuesday. 'We don't take measures like this without believing there's a terrorist danger," one allied source said. "We must bear in mind La

killed three persons and injured more than 200 in the La Belle dis-

missed the allies' action as absurd

and asserted that it was part of a conflict with Tehran's revolution-"In our eyes and the eyes of a billion other Moslems, the terrorist center in West Berlin.

government is the Reagan adminis-tration," he said. "What they say about us is absolutely untrue." The decree made no specific alle-

gations of guerrilla plans, but secu-rity sources said fears of a bomb nounced the role of U.S. Soviet-controlled East.

Just over a year ago a bomb ships escorting Kuwaiti tankers in

Washington accused the Libyan cotheque, a popular meeting place Embassy in East Berlin of smugfor members of the 6,000-strong gling the bomb used at the disco-U.S. military contingent in Berlin. theque over the border and issued The Iranian ambassador in East an order, still in force, that excludes Libyan diplomats from the West-

In November, officials of the global U.S. plot aimed at stoking Syrian Embassy in East Berlin, except for the ambassador, were excluded after Damascus was implicated in an attack on an Arab social

A body called the Berlin Kommandatura, set up by the U.S., So-viet, British and French authorities in 1945 to rule the occupied city, issued the bans.

Moscow walked out of the Komattack had grown since Tehran mandatura in 1948, which means blamed Washington for clashes in that its rulings, though theoreticalmandatura in 1948, which means Mecca in which hurdreds of Iranily valid for both East and West an pilgrims were killed. Iran has Berlin, cannot be enforced for the

OPTIONS: U.S. Ponders Responses to a Raid by Iran operations in that part of the world

an coastal targets. Marine artillery specialists could be slipped ashore to direct the gunfire, so there would be no repetition of the failure to hit most targets in Lebanon in 1983.

The battleship Missouri is expected to arrive in the Arabian Sea by mid-August, along with six oth-

Since naval officers oppose sending a battleship into the Gulf's confined waters, the Missouri's huge 16-inch (400mm) guns may not be fired. But the ship is armed with Tomahawk cruise missiles, which could be fired from far at sea at targets 500 miles inland.

Another possibility is that cruise missiles could be fired from submarines in the Arabian Sea. The Iranians would never know where they had come from.

The Navy does not disclose subdard for at least two of them to accompany an aircraft carrier. Many of the submarines have been armed with Tomahawks.

While retaliation might be relatively simple, a larger military operation would be extremely difficult if an Iranian invasion of Kuwait or Saudi Arabia prompted a request from their governments for sustained military support.

Marines could be flown in and then pick up arms aboard ships that would have sailed to the Gulf from Diego Garcia. Paratroopers could reinforce the marines.

row corridor on the west coast of

But the mission would be diffiway around the world from the United States. U.S. armed forces lack air and sea transport to sustain

But the mission would be diffi-cult. The Strait of Hormuz is half-privy to the Joint Chiefs' thinking.

A greater difficulty would arise from an attack of ambiguous oria flow of troops, weapons and sup-plies, and the United States lacks embassy or an explosion aboard a embassy or an explosion aboard a fishing boat that had sidled up to

REAGAN: U.S. Supports Accord

(Continued from Page 1)

gion and Democrats in the Con-

The officials said Mr. Wright's role in formulating the plan ap-peared to have given impetus to the talks in Guatemala. That accord. the leaders of Guatemala, El lvador, Honduras, Nicaragua and Costa Rica, was the first signed agreement after almost four years

mocracies," an official said. "They have claimed that we should back off and leave it to them to force the Sandinists to democratize and demilitarize. We've heard the speeches; now let's see the action.

Left unsettled, and certain to be The terrain would favor U.S. administration will do about seek-

by Congress last year expires Sept. 30. The Guatemala plan calls for a

saw little reason to vote on further an arms embargo on Iran for its was moving forward.

Mr. Wright said, however, that he would not rule out the possibility of allowing humanitarian aid for Threat by Rafsanjani the rebels while the peace talks pro-

Another important issue to be

said last week that he would not agree to a peace made by Nicaragua and the United States "over the heads" of the contras.

CONVOY: U.S. Cites Support

(Continued from Page 1)

sive line" but had not recently put them in the path of U.S. warships meeting that, after Mr. Weir's reescorting Kuwaiti tankers. lease, the hostage release program

"We have had mines in the Persian Gulf because it is a war zone. and the Iraqis have laid it, we have laid it," Mr. Rajaie-Khorassani

Mr. Weinberger said that recent U.S. minesweeping efforts followturned up other mines. We destroyed mines outside

Kuwait harbor," he said. "We

ed that its fleet of speedboats was with the operation, according to ready for suicide missions against one of the U.S. participants in the

Mr. Rajaie-Khorassani said, They are not all suicide-oriented boats," and he denied that Iran engaged in terrorism.

Iran has also pledged to stage attacks against U.S. targets around the world, including within U.S. borders, and has blamed the United States for the Mecca rioting. "To call what we do for our defense 'terrorism' is a very nasty way of explaining it," Mr. Rajaie-Khor-

the region "very irrational" and very explosive."

Mr. Weinberger said that the Iranians themselves "were responsible for the carnage at Mecca."
"The Iranians are not rational,"

assani said, calling the U.S. role in

he said. "They break every code in the world. They do that whether you have your might on display or you don't." (UPI, AP)

■ Talks on Arms Embargo The United States has begun

new consultations on a resolution at the United Nations Security Mr. Wright said Friday that he Council that would seek to impose military aid while the peace process continuation of the war with Iraq, according to State Department officials. The New York Times reported from Washington.

The speaker of the Iranian Majlis. Hashemi Rafsanjani, said in an interview released Sunday that settled is the role played by the Tehran would close the Strait of contras in talks leading up to a Hormuz if Iranian use of it was curtailed, United Press International reported from Bonn.

He told the West German newspaper Die Welt:

Naturally we are interested in the strait being kept open," he said. "Our position is simple: If we can't use the Gulf for oil exports then we calls for direct involvement of the close it then? That is our answer:

RESCUE: Initial U.S. Efforts in Iran Included a Counterterrorism Plan

(Continued from Page 1) Mr. McFarlane's reference was to

the possible rescue attempt. According to the notes, Mr. McFarlane said at the luncheon

was "not going anywhere." A source close to Mr. McFarlane said the former national security adviser had no recollection of the luncheon meeting.

President Ronald Reagan and ing the mining of the Bridgeton had his top advisers have said repeatedly since the arms sales were exposed in November that a main U.S. motive was to create an opendon't know if the those specific ing to "moderates" in Iran. But a mines were owned by Iran, but we rescue mission that took advantage have every reason to believe they of an arms deal would have heightened the mistrust between the two Iran recently completed four countries and could have endangered not only the hostages but the Operation Martyrdom, and report-lives of any Iranians associated

> The financing of the September 1985 TOW sales by Israel, which made clear that Iran was willing to pay far in excess of cost, creat large profits that would be available for other purposes, and thus provided a model for what later became the diversion of such proceeds to aid the contras, as the Colonel North's notes and testi-

hostage negotiations.

CHILE:

10 democracy.

Pinochet

Many Look Twice

market economic policies continue,

that the military intended to keep its word and gradually return Chile

Mr. Ayala said he was confident

T have tremendous respect for

the Chilean armed forces," he said.

They are committed to lead the

country to democracy, and if they

are committed, they will do it, no

matter who the next president is."

does not favor dictatorships, ap-

peared careful to make clear that

his faith was in the armed forces as

a whole, not necessarily in General

Several businessmen said they favored the proposal advanced by

the three other military command

ers - most clearly by General Fer-

nando Matthei, the air force com-

mander - to name a civilian

candidate. General Matthei report-

edly hopes such a candidate could

be selected with consensus support.

unanimously 30 to 60 days before

agree, the decision will be up to the

broader National Security Council.

In the interests of armed forces

unity, however, it is expected that

either General Pinochet will per-

spade the three commanders to

support him or that they will win

The leader of an organization of

small-business people who request-

ed that his name not be used said he

thought it was too soon for open

elections in Chile. He also said that

he would prefer "a civilian backed

scite and that he would vote against

him over to another candidate.

The military leaders are sup-

nate the candidate

Mr. Ayala, who has said that he

ideas for use of such proceeds may have been in the area of U.S.-Israeli lation to Mr. Casey's vision for a

be able to conduct "off-the-shelf" covert projects. These, Colonel North argued, would not have been funded with appropriated U.S. government money and thus would not necessarily be subject to U.S. laws or congressional oversight.

The initial arms shipments took place amid mounting White House concern and frustration over terrorism, including the June 1985 hi-jacking of TWA Flight 847 and the October 1985 seizure of the Achille Lauro croise ship. Colonel North, according to for-

mer colleagues, was impressed with the direct tactics of the KGB after three Soviet diplomats and a doctor were seized, and one of the diplomats slain, in the autumn of 1985 in Beirur The three survivors were released in December after the Mr. Casey. KGB seized relatives of the captors, tortured and killed one of visit by Prime Minister Peres, Colosame with the others.

notebooks, had dealings with Mr. headed by Mr. McFarlane deliv-"self-financing" entity that would

> notebook entry, Mr. Nir called ing U.S. hostages.
>
> Colonel North. "Regarding the first 504," the colonel wrote in a reference to the Sentember 1985 reference to the September 1985 TOW shipment, "it was agreed that the S was used for other purposes. This appears to refer to the fact that somebody in the U.S. zovernment had authorized Israel to use part of the \$5 million from Iran for something other than missile re-

counterterrorism specialist indicated the desire to use the residuals, or

them, and threatened to do the nel North suggested that Mr. Rea-"It's necessary to attack terror- tive" joint initiatives involving the ists directly, but U.S. laws on the hostages. The colonel, who testified books make that difficult to do," that these initiatives were paid for said a North colleague last week. by arms sales proceeds, provided "It's illegal to assassinate Abu Nidetails at a closed session of the mony from the Iran-contra hear- dal, but we can bomb Libya and congressional committees.

Tower board.

During Mr. Nir's visit to Washington just before that, the Israeli profits from future arms sales to Iran, "for other activities," Colonel North told the Iran-coutra panels. He said he had "sought approval from my superiors for those opera-

On the eye of a September 1986 gan be briefed on certain "sensi-

ings suggest, however, that the first kill some innocent people to make . The military rescue option was considered in June 1986, immedipoint against terrorism." considered in June 1966, in Tehran Colonel North, according to his ately after a delegation to Tehran deliv-Nir, the Israeli expert, as early as ered a partial shipment of Hawk antiaircraft missile parts but failed On Jan. 7, 1986, according to a to secure the release of the remain-

tages, and Rear Admiral John M. Poindexter, Mr. McFarlane's successor as national security adviser. asked Mr. Casey to intensity efforts to locate them, according to the

Admiral Poindexter wrote Colonel North: "I am beginning to think seriously about a rescue effort for the hostages. Is there any way we can get a spy into the Hayy

He added: "Over a period of time we could probably move covertly some people into Yarze."

Both areas are in the immediate outskirts of Beirut.

According to the Tower board, Colonei North noted that Richard V. Secord, a retired air force major general who was a main figure in the affair, had been working with Mr. Nir and "now has three people in Beirut and a 40-man Druze force working for us. Dick rates the pos-sibility of success on this operation as 30 percent, but that's better than

an American warship. supplies in the region.

want to be seen as the only voice against the plan in the face of a msus among leaders in the re-

of negotiations.

from Iran to Saudi Arabia is a nar-rebels. The \$100 million approved cease-fire.

cease-fire to begin by Nov. 7.

Adolfo Calero, a contra leader,

Neither the administration proa major issue, is what the Reagan posal nor the Guatemala accord will close it. Why shouldn't we posed to norm forces, since the invasion route ing further aid for the Nicaraguan contras in negotiations toward a Either the strait is open for all or the vote. If the commanders cannot



Patricio Aylwin

Chile Politician

win, the newly elected leader of the main Chilean opposition party, the Christian Democrats, says he is seeking talks with his country's military rulers to

"Apparently, the armed

Seeks Free Vote

MADRID - Patricio Aylbring about democratic elec-

In an interview published Saturday in the Spanish newspaper El Pais, Mr. Aylwin said ie honed to persuade the armed forces to drop plans for a chosen by the military would succeed General Augusto Pinochet as president.

forces don't want to negotiate at the moment," Mr. Aylwin said. "but this may change when we have five or six million voters registered in an electoral census and our campaign for mm.

the rest of the country August is a (Continued from Page 1) inchurst Castle gazing at V. Sackville-West's white garden through dark glasses, the publishing trade is already hyping its au-

PARIS: The Big Guns Stay Home

tumn lists.
"Publishers and writers with books coming out in the fall are

making the rounds of dinners with journalists in order to start the famous bouche à l'oreille, or word of mouth," Mr. Labro says. "The Pa-risian bouche à l'oreille begins in Another event that begins in Au-

gust is the annual series of price increases announced by the gov-erument in the hope of catching consumers snoozing in the sun. The process began on Aug. 1 when postal rates increased by 2.4 percent, followed two days later by a rise in the price of cigarettes.

If price increases are a national event, on the Paris scene each Angust it is traditional for a big film to be shot that requires chase scenes over empty streets. This month it is a Roman Polanski thriller starring Harrison Ford. To service the new trendy Au-

gust stay-at-homes, many of the better Panis boutiques have stayed open in the hope of recoup losses on disastrous June and July sales figures. Favorite média restanrants such as Edgard on the rue Marbeuf and La Gauloise on the also attracts political figures, remain open. Hotel restaurants and cale terraces are favored by summer bachelors.

says, "which means that there are

vivid illustration of Sartre's statement that hell is other people. It is a moment when newspaper headlines fall into the language of a military campaign and July 31 is called D-Day or Jour-J. Twenty-seven million Frenchman leave on vacation, 8,000 will not return, one headline claimed, in effect sounding taps before reveille.

It has been estimated that the French devote one-twelfth of their budgets to vacations. Still, 50 percent do not go away at all. They are assumed to be farmers, the poor, the aged and immigrant workers who might not feel all that cozy on a Breton beach.

: :

一次 東京を記るというできる。

To the French the summer vacation is the high point of the year, in effect more than a constitutional right because while no one has read the constitution everyone knows about the law of 1936 that created the congé payé. The economic con-sequences of the country's shutting down for the month of August are grave and, it appears, beyond cure. Pointing out that 70 percent of

French industry closes up shop in August (automobile production alone drops by 80 percent), Le Monde had an article last week on the failures of sensible attempts to spread vacations over a period of several months. One of the most energetic com-

avenue de La Motte Picquet, which batants of the August shutdown was André Henry, minister of temps libre, or leisure time, in 1981-83. Mr. Henry, a Socialist, published a meteorological study that "Paris in August is a husband's showed June was the sunniest city, a bachelor's city," Mr. Labro month of the year and called the French August an economic aberall those polls in newspapers and ration. But he was unable to change magazines about are the French his countrymen's habits. The only faithful in August. And of course new shutdown that occurred was While what the French like to has put under the department of call le happy few remain in Paris, for tourism.

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Ireland	£Irl.	150	82	45	£.irl. 0,29	£lrl 196
Italy	Lire	380,000	210,000	115,000	Lire 756	Lire 275,20
Luxembourg	LFr.	11,500	6,300	3,400	LFL 1841	LFc 6,780
Netherlands	FI.	650	360	198	PL 1,21	FL 440
Norway*	N.Kr.	008,1	990	540	N.Kr 3,85	N.Kr 1,110
Portugal	Esc.	22,000	12,000	6,600	Esc. 64,56	Esc. 23,500
Spain*	Ptas.	29,000	16,000	8,800	Ptes. 55,33	Ptas. 20,140
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CHAD:

General Pinochet.

Town Recaptured (Continued from Page 1)

could be used to launch attacks against Chadian forces.

Military observers said Chad would probably not be able to retain total control of the region until the Libyan base, guarded by sever-

al thousand troops, was conquered. In Tripoli, Libyan radio, moni-tored by the BBC, said Chadian forces had attacked the Aozou region, describing it as being inside Libyan territory, and it threatened retaliation for "this aggression."

The radio said the attack had been carried out with the help of "imperialist forces," a reference to the United States and to France, which has 1,200 troops in southern Chad with a squadron of jet fighters available to protect the south-

ern capital. The annound ian victory, the first major military action since Chad gained control of most of northern Chad in late March, was greeted with demon-strations in Ndjamena.

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(Continued from Page 1) ployment should be regarded as a sobering" development

U.S. intelligence experts dispute the Helms assertion, "the preponderance of the intelligence community believes that the Soviet Union has begun deploying the rail-mo-The SSX-24, in development for tryside. The SS-25 is a single-war-

10 independently targeted no

meters) enables it to reach all major
U.S. military targets via polar tra-Mr. Helms was seeking to discredit an expected move by Senate Commission on Strategic Forces,

He said that he had obtained attraction of striking first when agreement from "key intelligence conflict seems imminent defense and national security su-

sentially correct," and that the de-missiles with multiple warheads.

One official said that while some in response to alleged Soviet violations of other treaty provisions. The Soviet Union previously deployed another mobile strategic miclear missile known as the SS-25, designed to be launched from

more than a decade, can carry up to head missile.

The United States has just begun warheads, the Pentagon says. Its studying deployment of its 10-war-range of 6,200 miles (10,000 kilo. head MX missiles on railroad cars, head, mobile counterpart to the So-

The Reagan administration's Democrats to require through leg-islation that the Umited States ad-mer national security adviser. here to the 1979 SALT-2 treaty so urged that both superpowers shift long as the Soviet Union remains in to mobile, relatively untargetable, land-based missiles to lessen the

But the Reagan administration thorities" that some SSX-24s has argued that Soviet compliance 'should now be accountable" un- with limitations on mobile missiles

ARMS: Soviet Puts Missile on Rail Cars, U.S. Aides Say der the treaty's limit on land-based would be so difficult to verify that none should be permitted in the The United States ceased observ- treaty constraining strategic nucleing the SALT-2 treaty late in 1986 ar arms that is presently under ne-

gotiation in Geneva. Several U.S. officials challenged Mr. Helms's allegation of a serious new Soviet violation of the SALT-2 treaty. They asserted that the Russians had dismantled a sufficient trucks that roam the Soviet coun-number of SS-17 missiles to make up for recent deployments of the SS-24 and a new missile-carrying

Typhoon submarine.
The officials said that Mr. Helm's assertions were technically correct, however, because the Russians had not yet blown up the old SS-17 silos as required by the treaty, even though the missiles had been withdrawn.

113 Die in Floods in India

United Press Interne NEW DELHI - Freak monsoon floods have killed at least 113 people across India while droughts in other areas caused by unusual weather patterns have ruined crops, officials said Saturday.

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New Buyers In an Old Rally

UGUST has become a month of reflection for Wall Street in recent years. With the bull market in U.S. stocks five years old this. month, the time seems unusually appropriate for asking the agonizing question of how much longer the good times will roll.

The debate has a familiar ring to it. Media pundits worry that stock prices are running far ahead of economic reality. Brokerages issue reams of upbeat

reports to reassure doubters. And some in-Buying vestors dabble in gold, From Abroad just in case. The concern is under-Net purchases of U.S.

standable. Nothing lasts forever. And this particular raily has served investors well. In the past 12 months alone, it has weathered growing indi-cations of a tiring econo-my, inflationary jitters, a weakening currency and uncertain political prospects associated with an outgoing administration that has been wounded by scandal.

Still, the Dow Jones industrial average has climbed more than 30 percent since the start of the year. And the outlook remains favorable. As investment strategists celebrate the bull market's traditional August anniversary, many believe most of the good

times are behind us, but are far from over.

Strong corporate earnings, experts say, will sustain the rally. The dollar's decline has not only improved the export capabilities of U.S. manufacturers, but also forced American industry to go through a pain-ful restructuring. Now, that the dollar's fall has slowed, so the argument goes, U.S. companies are about to reap the benefits of a newfound competi-

QUALLY important, however, is the willingness of foreign investors to accept this reasoning. Since Jan. 1, their presence has become an increasingly important element in supporting the

Even though the degree of foreign influence is nowhere near the dominance it achieved in Europe in 1985 when Continental bourses were propelled to record levels and then abandoned, a growing number of American analysts believe their participation in the market could make the difference in the months

to come.
"It's critical in sustaining the rally," says Steven.
Einhorn, chief investment strategist at Goldman,

Adds John Conlon, head of equity research and trading in New York for Nikko Securities, one of the big four Japanese brokerages: "There's no doubt that it's a new part in the equation."

Foreign investors turned lukewarm to U.S. stocks toward the end of last year - net purchases totaled \$400 million in the final quarter, a paltry sum compared to \$4.7 billion in the previous three months,

according to the U.S. Treasury Department.
Opinions changed in 1987, however. Prospects of better earnings, more reasonable price-earnings mul-tiples and a general feeling that the dollar's long decline has just about run its course apparently

rekindled faith in the U.S. market. Net purchases of stocks jumped to a record \$9.8 billion in the first quarter. In fact, foreigners were bigger investors than U.S oension funds, traditional-

ly the market's mainstay. By far, Japan has been the biggest source of funds, accounting for more than a third of the first quarter total Japanese investors have grown wary of their huge holdings in U.S. Treasury bonds and have turned increasingly to equities, a process that shows no signs of slowing.

ET the Japanese, after some concern about the dollar's shakiness in April, poured another \$2 billion to \$3 billion into U.S. stocks in June, according to preliminary data compiled by the Ministry of Finance in Tokyo. Moreover, Nikko's Mr. Conlon says he recently has noticed more cash-rich

Japanese institutions entering the U.S. market.

Of course, if the dollar resumes a downward spiral, the Japanese will have second thoughts. But a more immediate concern may be the health of the Tokyo Stock Exchange. The market is already displaying signs of fatigue, and a number of analysts fear that a sharp correction could so unnerve Japanese institutions that they would quickly try to raise cash by selling stocks in New York, as well as Tokyo, a move that could trigger the end.

"If the Tokyo market were to crack open," says Goldman's Mr. Einhorn, "the effect in New York could only be bad." John Meehan

UPDATE

Gold Strategy

INDING value in gold stocks is getting tough. Earlier in the year, investors bought up shares in gold-mining companies in the United States, Canada, Australia and South Africa as a hedge against the widely perceived risks in the stock and bond markets [Personal Investing, April 13], Such popularity drove prices beyond sensible levels, prompting some portfolio strategists to recom-

mend gold coins instead. But Jack Jones, a Phillips & Drew analyst in London, says it is premature to abandon the sector entirely. He believes gold prices will reach \$500 an ounce by the end of the year as the metal continues the gentle climb that began in 1985. "The downside

risk is less than 25 percent," he says.

Mr. Jones acknowledges that many of the established gold mines remain overvalued despite a selloff of a couple of months ago. Instead, he says, investors should hunt for gold-mining companies that are expanding operations. Increased production, he argues, is bound to translate into bigger earnings as gues, is bound to translate into olgger earnings as gold prices rise. "Each market has its own cheap [gold] stocks," he says. Mr. lones cites Newmont Mining in the United States as a good example. "It is tremendously undervalued." In Australia, he likes

Wine Investors Cautiously Await the Harvest

A modest crop of quality would help restore interest in a shaky market

By Jacques Neher

T is still two months before the hish vineyards at Château Margaux will yield the first drops of wine for vintage 1987, but Paul Pontallier, the 31-year-old manager of the estate, already can promise at least one thing: There will be less of it than

last year.

The heavy and constant rains of June, he explains, pointing to clusters of unripened, green meriot grapes, affected the flowering of the vines. The result was coulure, a malady whereby unpollinated grapes do not develop and simply fall off the vine.

Still, it could have been worse. "We were quite affected in June 1987.

afraid in June that the rains would cause millerondage," says Mr. Pontallier, who holds a doctorate in oenology, or wine making. He is referring to another condition in which the grapes still develop, but with-out seeds and therefore do not mature correctly. "We

About 15 miles (24 kilometers) down the road in the prime Médoc region, Philippe Cottin, who has run Château Mouton-Rothschild's wine-making operation for the past 30 years, concurs with his young

competitor, although he is more philosophical.
"In 1985 and 1986, we had too large a vintage," Mr.
Cottin says, "If we had another one in 1987, the vines might have suffered. So God made us lose some quantity. We have to accept Mother Nature."

Accepting Mother Nature will be difficult for wine connoisseurs. Some experts believe this year's wine production could be between 20 percent and 30 percent smaller than last year's. Prices are bound to rise. But it is perhaps the cheeriest news that investors in about 25 investment-grade Bordeaux wines have had

For the past few years, the wine market has been reeling from a combination of an oversupply of very good wine and a weakening dollar that has all but dried up American interest in wine investments. Decanter magazine's index of auction prices for 60 Bordeaux wines climbed only 11 percent last year com-pared with 33 percent and 23 percent in 1985 and 1984, respectively. So far this year, the index has risen

Most of the châteaux producing investment-grade wines a few months ago were forced to roll back prices between 10 percent and 15 percent on their 1986 vintage, even though some believe that vintage may be among the best of the decade.

For Mouton-Rothschild and Marganx, both classified as premier grand crus, or first growths, their 10 percent price reductions to the négocian or broker, meant a drop to 180 francs (\$30) a bottle, from 200 francs last year on the 1985 vintage.

In dollar terms, the 10 percent reduction still represented an increase, but for such a great vintage, that was a lot," says Corinne Mentzelopoulos-Petit, who manages the business affairs of Château Mar-gaux, which her family bought 10 years ago. She said Marganx and the other first growths did not need to cut prices, but did so in consideration of the American

Continued On Page 8



BORDEAUX:

Paul Pontallier, estate manager at Chateau Margaux, inspects clusters of merlot grapes that will be pressed, fermented and blended.

California Comes Alive

By Alex Barnum

Napa, California
EARS of hard work, determined marketing and a lot of inventive talent in the vine yards went into convincing consumers of the quality of California wine. But in the end, it took the legislature in Sacramento to transform it into an investment opportunity.

Up until last year, the Alcoholic Beverage Control Act, a relic of Prohibition, virtually outlawed a secondary market in California wine by making it illegal for individual collectors to resell bottles of wine. In fact, only when collectors died could auction houses

and wine merchants dispose of collections. California lawmakers, under pressure from the wine industry and excited by the prospect of new tax revenue, decided to ease the restrictions in 1986. Now, individuals can sell white or sparkling wines that are at least five years old and red wines that are 10 years or older. The age minimums exist so that consumers do not compete with the wholesale and retail business.

The revised law has already transformed avid collectors into investors, while creating a brisk business for vintage wine retailers and auction houses. The law specifies that wine can only be resold to licensed brokers, who are more than eager to earn commis-sions. This year, Butterfield & Butterfield Auctioneers in San Francisco will hold six major wine auctions, compared with half that many a few years ago.

"People are cashing in a lot of their older wines," says Stephen Gilbertson, general manager of Draper & Esquin Wine Merchants in San Francisco. As many as 20 collectors a week have flooded his office with lists of their collections and have asked the company to market them.

Still investors should keep in mind that the market while improving, remains narrow when compared with that for Bordeaux wines.

ity in Europe since they were introduced there in the mid-1970s, foreign investors and collectors still regard them as little more than a curiosity, says Robert Parker, editor of The Wine Advocate, a Parkton.

Maryland, newsletter that tracks the wine industry. With the English, the Americans are sort of the Johnny-come-latelies," and expensive ones at that, Mr. Parker says. But in France, he adds, "the competition is so enormous that they can't do well." Indeed, California wines even have trouble infil-

Continued On Page 8





NAPA VALLEY: Bernard L. Rhodes, proprietor of Heitz vineyards's Bella Oaks label, checks a wine's clarity and color.

Two Ways to Play the China Card

By Patrick L. Smith

Hong Kong commercial opportunity. Translating that view into an investment strategy, however, is not much easier now than in the past. Of the real cowboys. A weak economic infrastructure, a confusing bureaucracy, the nagging issue of political succession and a vulnerable modernization policy promoted by Deng Xiaoping are just a few of the

No one is more aware of the difficulties of playing the China card than Jonathan L. Compton, managing director in Hong Kong for Baring International Investment Management Ltd., and David Harding, a director of Thornton Manage-ment (Asia) Ltd. Both men guide investment vehicles whose primary goal is to find ways to

The Continuing Boom

in New Issues. Page 10

'Along with Brazil, China OR centuries, adventurous foreigners have viewed China as a land of vast is possibly the last home

eash in on China's ambitious development plans. up the China & Eastern Investment Co. in late 1985. Listed in London and, since last January, in

"What excited us was the very significant shift China has made in its approach to managing enterprises," says Mr. Compton, referring to the rise of privately owned businesses and increased autonomy for state-owned enterprises. "And we still believe this is the most important development in Asia right now."

is sold by Xerart, the best-performing

new issue of 1987's first half.

tors to participate in direct equity positions in mainland enterprises. So far, Mr. Compton has bought into seven such ventures, ranging from a foie gras farm in Guangdong Province to a granite quarry, a trad-Reflecting such bullishness, Mr. Compton set ing company, a film production unit and a safe-

sanufacturing concern. It is not, Mr. Compton acknowledges, an ap-proach recommended for the overly cautious. In EWFACES AS FOR STATE OF THE STA his first few months of operation, hundreds of

would-be partners trooped through his office with entrepreneurial proposals that can only be described as oddball. These ranged from hotel investments and massive mining projects, Mr. Compton says, to some "very weird import-export ideas." One would-be entrepreneur offered China & Eastern exclusive rights to the mainland's copper exports, for instance, in exchange for a few million dollars of This copy of a Norman Rockwell painting

investment in a proposed smelting operation. "I've learned that along with Brazil, China is possibly the last home of the real cowboys," the 31-year-old fund manager muses.

Hong Kong, the investment trust enables inves-

- David Harding

Mr. Harding has taken a somewhat different approach. The Hong Kong and China Gateway Fund, launched in March 1985, is a unit trust intended to focus on foreign companies positioned to benefit from China's economic development either through trade or participation in mainland projects.

There's no such thing as a direct play on China," Mr. Harding, 26, says. "Even il you could invest directly, it's far too early to do so." The Thornton and Baring strategies are not,

however, miles apart. For one thing, Mr. Harding has just invested about 3 percent of the Gateway fund in Rockhaven, China & Eastern's duck and goose pâté farm, as part of a refinancing that Mr. Compton completed in June.

For another, both operations took roughly the same approach in their earlier days. Reflecting the consumer boom that swept the mainland several years ago, Mr. Compton and Mr. Harding

Continued On Page 9

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Wine: A Glut and a Weak Dollar Have Eroded Returns

A new California law eases the rules on reselling wine

Continued From Page 7

trating markets in the United States. Major cities along the East Coast, like New York, are actually larger consumers of French wines, Mr. Parker says. But this phenom-enon is cyclical and fluctuates with the changing exchange rates. Currently, "the market is definitely soft for French wines" and American collectors and investors are staying closer to home, he says.

Although brokers are constantly on the lookout for great vin-tages, only a handful of California vineyards have consistently produced widely recognized, invest-ment-grade wine. The classic success story is the 1951 Beaulieu Vineyards Georges de Latour Pri-vate Reserve. The wine sold at a Butterfield auction in June for \$935 a bottle, the most ever paid at the auction house for a bottle of

"It may be the best California wine ever made," says Dr. B.L. Rhodes, proprietor of Heitz's Bel-la Oaks label and a well-known collector, who recalls buying the wine at \$15 a case in the 1950s. Vintages in 1951 and 1958, he notes, were exceptional for Beau-lieu Vineyards, Inglenook, Louis Martini and Charles Krug, "the four mainstays of the California

The highest price anyone can recall for a California wine was \$2,100, paid in 1983 for a bottle of 1936 Beaulieu Vineyards Private back to Mr. Schofield at an Reserve. By contrast, the record for a French wine was \$148,000, broker the wine elsewhere. paid by Forbes magazine for a

bottle of 1787 Château Lafite believed to have been ordered by Thomas Jefferson

Except for a few Chardonnays from vineyards such as Sonoma-Cutter and Stony Hill, wines made from Cabernet Sauvignon, the same grape used in Bordeaux, are the only ones considered worthy

A study of 300 Cabernets from George Schofield, a wine industry consultant, found the overall average annual rate of return on wines made between 1968 and 1981 was 19.3 percent. While prices for wines up to seven years old performed below average, prices for wines more than seven years old rose substantially faster.

Still, collectors and investors have been taking greater interest in younger wines lately now that new supply of older wines and softened their prices. Mr. Schofield has launched one

of California's most innovative wine investment programs. This year, he plans to buy 1983 Caber-net as it comes out of the casks at eight selected California vineyards and age them until 1993 in a humidity-controlled warehouse.

In this "wine aging program," Mr. Schofield offers investors 80case units - 10 cases of each of the eight wines — at \$11,000 a piece. When they mature, investors can take delivery, sell the wine agreed-upon price or have him

"I view this as a mutual fund of



Warren Winiarski, owner of Stag's Leap Vineyard, among the casks.

wines," Mr. Schofield explains. The selection includes some old standards like Robert Mondavi and Beaulieu Vineyards and some quality upstarts like Clos du Val and Chappellet Vineyards. Meanwhile, Robert Mondavi

last March became the first large vineyard to start a more traditional wine futures program by offering 10 percent of its 1985 and 1986 Napa Valley Cabernet Sauvignon Private Reserve to investors before it is bottled.

Some wine experts have taken a dim view of some of the recent programs, especially when they involve big, well-known vineyards. Many of these wines, they caution, will be widely available at release

time. Mr. Parker of the Wine Advocate goes even further. None of the futures programs, he says, are attractive enough for investors because of the relatively narrow mar-ket for California wine. "There is a glut of fine wines in the market," he says. "You just don't have enough demand for these wines" to justify investing money in a futures program.

For some, futures contracts offered by California's small vineyards are more alluring. The risk, of course, is greater. Like buying stock in a start-up company, an investor can never be sure that a new vineyard will be around next year. And the industry is still find-ing out how well these wines age.

The number of wineries in Napa Valley alone has blossomed to 155 this year from 65 only seven years ago, the Napa Valley Vintuers Association says. More than three quarters of them make a Cabernet and many of those Cabernets, according to wine collectors, are good quality and in extremely

Stag's Leap Vineyard, founded in 1971 by Warren Winiarski, of fered a futures program to Lon-don investors in 1985. Other small

Draper & Esquin's Mr. Gilbertson also recommends lesser known vineyards, such as Lanrel

Bordeaux growers even cut prices

Continued From Page 7

market and as "a gesture that we were willing to share lesser margins with the negociant."

feeling the effects of the unstable market at the auction block. Michael Broadbent, wine division manager at Christie's in London, recalls that two years ago a 12-bottle case of 1982 Lafite sold from around £520 (\$832) to £700. In recent auctions it has fetched

between £500 and £560. Cases of 1982 Margaux have been averaging from £390 to £420, significantly lower than in 1985 when a case could go for between

In a way, Bordeaux has become a victim of its own success. "We've had a series of excellent and plentiful vintages, with only two off years out of the last 10," says Mr. Cottin of Mouton-Rothnild. "That's exceptional."

Moreover, an effort by châteaux owners to maintain price growth in defiance of the mounting oversupply situation exacerbated the market's problems. Many châteaux, mostly producers of the lower or middle ranges of the classified Bordeaux wines, engaged in a game of price leapfrog between 1983 and 1985. Négociants compounded the problem in 1985 by deciding to increase their margins, resulting in still higher prices.

Then came the dollar's plunge. Americans, who consume perhaps a third of Bordeaux's output and have been an increasingly powerful force in the wine market, began turning away from wine investments as the dollar dropped from around 10 francs in early 1985 to about 6.25 francs at present.

Ausone of St. Emilion; and La

Dennis Overstreet, owner of the Wine Merchant in Beverly Hills, California, says there has been little interest this summer in 1986 Bordeaux futures contracts for wine to be delivered two years later. "It's all ho hum," Mr. Óverstreet says. "Last year we got a lot of phone calls before the futures were even offered. I haven't seen that enthusiasm this time

Even 15 percent price reduc-tions from Bordeaux have failed to rekindle interest largely because the dollar's decline in the past year

has wiped out any benefits. At the auction house, it is much the same story, according to Mr. Broadbent of Christie's. "Many fewer buyers are American than ever before," he says. For example, at an auction or possesses wines earlier this year, only 2 perwines earlier this year, only 2 perThe best scenario is that the ple, at an auction of Bordeaux all the good wine currently in the

90740. This monthly newsletter features regular reports on the status of older vintages and reviews of wines before they are bottled. A U.S. subscription is \$48 a year, and foreign airmail

Staying Abreast of the Market

There are scores of publications on wine, but here are a few of the

The Wine Advocate, P.O. Box 331. Parkton, Maryland

most influential commentator on wine and the author of a

recent book on Bordeaux. The newsletter is published six times a year and rates as many as a few hundred wines in

every issue. U.S. subscriptions are \$28 a year, and foreign

The Wine Spectator, 400 East 51st Street, New York

reviews wines and features interviews with industry

Decanter, 2-10 St. Johns Road, London SW11. This

features recipes and interviews with connoisseurs.

An U.S. airmail subscription is £60.

Two years ago, he says, Americans

comprised more than a third of the

based investors to remain wary. "I

understand the Americans' feel-

ings," says John Armit, president of John Armit Wine Investments

Ltd. in London. "I'd go very easy

As for investors based in other

currencies, Mr. Armit believes

1986 wine from certain châteaux

could show nice returns four to six

years from now, despite the mar-ket's current instability.

His buy list includes Mouton-Rothschild, Margaux, Haut-Brion

among the first growths; Léoville Barton, Pichon Lalande and Cos

Fleur, Certan-de-May and Vieux

Châtean Certan, of the Pomerol

leading wine expert, in his news-

letter, The Wine Advocate. Mr.

Parker also gives high ratings to Petrus, L'Arrosée, Beychevelle,

Canon, Chambert Marbuzet, Che-

val Blanc, Ducru-Beaucaillou, L'Eglise Clinet, Figeac, Gruad-Larose, D'Issan, Léoville-Las-

Cases, Lynch-Bages, La Mission-Haut-Brion, Montrose, Poujeaux,

least until the market can absorb

Sociando Mallet and Talbot.

if I was dollar-based."

10022. This colorful tabloid, which is published twice a month.

personalities. U.S. subscriptions are \$30 a year. A six-month trial subscription cost \$11.95. Foreign subscriptions are \$75.

established British monthly reviews wines and spirits. It also

Subscriptions are £24 in the United Kingdom, £33 in Europe.

The Wine Journal, 4157 Banyon, Seal Beach, California

airmail subscriptions are \$50.

21111. This is the newsletter of Robert Parker, probably the

1986s will be sluggish and the of 1985s will flatten out," says Mr. Broadbent of Christie's. Not surprisingly, in the absence And despite the relative stabil-ity of the U.S. currency in recent weeks, experts still advise dollarof a sharp resurgence in inflation.

many growers and wine investors are counting on a diminished 1987 harvest to stabilize the market. If the wine yield is smaller, but of good quality, the market for 1987 intages will be strong. If quality is lacking, however, demand for pre-vious vintages will likely improve. If the harvest proves bigger than expected, wine prices could suffer.

In fact, a few experts admit to some concern over the possibility of a collapse in the market, as occurred in the early 1970s after a wave of panic-buying from inves-tors trying to beat high inflation. The large-scale dumping that followed pushed prices down to bar-

"The cracks are already in the egg," says Mr. Overstreet of The Wine Merchant. "If the dollar gets weaker and prices go up a little more, you'll see that market stag-The list is largely in accordance with the preview ratings given the 1986 vintage by Robert Parker, a ger and come apart."
Mr. Broadbent sees another po-

tential problem if wholesalers are forced to sell large stocks of 1985 or even 1983 vintage. "If the banks who lent money to these people see the value of their collateral going down, they may panic and call in those loans. There could be a stampede to sell wine and the bottom would fall out," he said.

But Mr. Armit is not buying either scenario. "The top 21 wines account for only 400,000 cases. There is more interest from Japan are over for investment grade in top quality wines, while Swit-wines in the foreseeable future, at zerland and Germany remain strong markets. I can't believe there aren't at any time 400,000 people who wouldn't want to take

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For Investors, Timing Is Key

HE timing of any in-such as with the 1982 vintage, \$100,000 to spend in any case, he vestment is crucial and wine market. For the best returns, investors should enter the market at the earliest possible stage by purchasing wine futures from their local merchant. A wine future is a contract that

covers the purchase of a certain quantity of wine for future delivery, usually within one or two years. Merchants begin offering futures on wine that is still in the barrel — en primeur — in the spring after the châteaux have set their prices.

For example, investors who bought futures on 1985 Château Margaux when it went on sale in the spring of 1986 will be able to take delivery of the wine to be bottled later this fall or early in 1988. Of course, many others will never take delivery, having sold their contracts before the wine ever leaves the château.

The risk in futures is that the investor must buy before most professionals have had a chance to evaluate the vintage.

While significant appreciation wine comes to auction, about four London seeks clients with at least years later, there are instances, \$35,000 and preferably more than

where many futures contract buy no more so than in the ers can double their money by the time their wine is delivered.

Although there are emerging secondary markets for other French wines, such as red and white Burgundy and Champagne, Bordeaux has traditionally been considered the best available wine for investment because of its classification system, worldwide popularity and the fact that it improves with age. Not all Bordeaux is investment-

grade, however. Seasoned investors, as well as connoisseurs, limit purchases to relatively few of the 7,000 châteaux in the Bordeaux region. Traditionally, "first growth" wines from the top five -Lafite, Latour, Margaux, Mouton-Rothschild and Haut-Brion have ensured high quality and

Some experts favor smaller châ-teaux that fall into the "second growth" category which produce substantially less than the 20,000 to 30,000 cases that big châteaux produce each year.

Wine investing takes lots of cash and patience. John Armit of does not usually begin until the John Armit Investments Ltd. in

says, that amount a borrowed and it should not represent more than 5 percent or 10 percent of a total investment portfolio. Most experts advise investors to buy between five and 10 cases as a minimum.

Moreover, the investor should be prepared to wait at least four to six years to maximize appreciation of the investment. "Wine is not a liquid investment," he says. "It takes time to sell in order to get the right price.

Transaction costs can be steep. Merchants such as Mr. Armit charge front-end commissions, ranging from 15 percent to 25 percent. And for investors not planning to drink their portfolio, there are sales costs to factor in.

Christie's, for example, charges the individual seller 10 percent of the hammer price as its commission, as well as 10 percent from the

Moreover, there are shipping and storage costs. Mr. Armit says his clients pay about £1 (\$1.60) a case for the wine to be shipped from Bordeaux to Britain and £3.50 a case each year for warehousing and insurance

Jacques Neher



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He also likes Resource Engineering, a hazardous-

waste management consultant that went public June

Aside from the investor's willingness to assume high risk, another basic consideration is the willing-

ness of investors to hold small stocks during a long-term rally that has largely favored blue chips. "If

you're going to invest in these stocks long term, you have to ask yourself, When are they going to come

In addition, many experts urge potential investors in an IPO to examine the performance of other IPOs

executed by the underwriter over the past 12 months

or longer. A trend may emerge suggesting that the underwriter repeatedly overprices issues, which can boost the client companies' market value and the

underwriter's fees but reduce investor's profit poten-

related stocks to emerge as a leading theme.

5 at \$11.50. It is now trading around \$15.

back in favor?" " says Mr. Klugel.

Conflicting Signals for New Issues

By Phil Roosevelt

HE Xerart Corp. offered its shares to the public for the first time last April. The company had no sales, no earnings and still needed a complete market study. We are very much a concept company," acknowledges Frank Pearson, president of the Markham, Ontariobased company

But substance often takes a back seat to a good idea, especially where the stock market is concerned. On the U.S. over-the-counter market, the price of Xerart's stock more than doubled by June 30 to \$7.50, making it the top-performing initial public offering of 1987's first half.

So what is the concept? Fine art for everyone. Xerart (pronounced zeer-art) produces detailed replicas of famous oil paintings, complete with raised brush strokes and oil-like surfaces, and expects to sell them to restaurants, hotels and the mass market for a retail price of between \$450 and \$900 each.

You're bringing paintings out of museums and vito people's living rooms," says Kenneth Gerbino, a Beverly Hills investment adviser who hailed Xerart as "Stock of the Month" in a June edition of his Investment Letter. "I usually don't write about companies with no sales or earnings, but I just love this

The market for initial public offerings has long attracted investors seeking winning concepts or undiscovered value, and recent times are no exception. In the first half of 1987, investors gobbled up about \$14.8 billion of stock in 308 IPOs in the United

Some of the biggest were closed-end funds, including the biggest ever, the Nuveen Municipal Value Fund which raised \$1.5 billion in June on the New York Stock Exchange.

Whether the year-end tally will top last year's

Norman Fosback, editor of the Fort Lauderdalebased newsletter New Issues, espouses the bullish case for IPOs, predicting that the broad market will climb 15 percent to 20 percent over the next six months. "I think this is an ideal time for individuals to look at IPOs," he says. "Individual interest will

But Kevin Kimberlin, a vice president with the think it's a time for extreme caution in IPOs," he

Indeed, there are some worrisome indications that the market's demand for new issues is slowing. Only 52 percent of the IPOs were trading above their cifering price by June 30, down from 66 percent for the first half of 1986, says Susan Gallant, editor of Going Public: The IPO Reporter, a New York-based

As a result, market participants say, investor enthusiasm for IPOs has dampened in recent weeks. "Many IPOs are getting a cool reception," says Thomas Weisel, a senior partner at San Franciscobased Montgomery Securities. "In order to get the deals done, underwriters are having to price the deals

they can, of course, be a boon to investors with nerves been a few months ago," says Ms. Gallant.

THE FIRST HALF'S HOTTEST IPOS

The five best-performing initial public offerings, in the first half of 1987.

ISSUE

COMPANY	BUSINESS	DATE	PRICE JUNE 30
Xerart	Replicates oil painting	April 24	\$3.00 \$7.50
British Airways	Airline	Feb. 11	\$9.92 \$23.2 5
AMRE	Exterior home products	Feb. 26	\$16.00 \$31.00
Jetborne International	Aircraft support	May 20	53.75 56.68
Hospital Newspapers Group	Publishing	March 10	\$5.00 \$8.63

Certainly, there are plenty of choices for investors ho want to take a crack at the growth potential of IPOs. While high-tech issues often are the most prominent because of their dazzling promises, there

helped bring public this spring, Diversco of Spartanburg, North Carolina. The company, Mr. Kimberlin says, "leases" labor forces to major corporations in the southeastern part of the United States, producing

Mr. Fosback of New Issues also counts some basic mpanies among his favorite IPOs, such as Timbering manufacturer of rugged footwear. That stock hit the market in June at \$14 and was recently trading at

INANCIAL services companies have also been well represented in this year's offering, though not all have fared well. The most prominent, American Express Co.'s offering of its Shearson Lehman Brothers brokerage subsidiary, came to market in May at the low end of the expected price range, \$35. The offering still proceed ed slowly and recently the stock was trading at

Of course, there may still be some good opportunities in technology-related issues. The most sensational new offering of the year, in fact, has been Aldus Corp., a computer software company whose Page-maker product plays a key role in the explosive new field of desktop publishing. Responding to investor demand, the stock's underwriters raised the offering price to \$20, from a planned range of \$14 to \$16, but the stock still jumped to \$35.75 just two hours after trading began on June 16. It is now trading at about

called "flippers," professional traders who buy and sell IPOs during the first few days of trading. Often. activity can be treacherous for the individual investor and, as a result, most experts counsel indi-viduals to view IPOs as long-term investments.

says Mr. Fosback, adding that for most growing companies, a price-earnings ratio of about 20 is

Many IPO companies, unlike Xerart, show established financial track records from their years as private entities. But even these companies rarely provide any information beyond a single prospectus; the investor does not have the benefit of comparing

Chemistry in Frankfurt

By Gail Schares

HEY will never be glamour stocks, but a number of analysts believe that the big three West German chemical stocks are as alluring now as they will ever

Analysts and fund managers expect Bayer, BASF and Hoechst to outperform the market during the next 12 months by as much as 15 percent to 20 percent, despite a run-up in their

prices since the beginning of the year. "I put the chemical sector at the top end of the auractive list for the German market at the moment, especially if the dollar doesn't fall out of bed," says Nigel Ledeboor, investment

manager at GT Fund Management in London. David Elsmore, an analyst at Phillips & Drew in London. agrees: "The chemical stocks will be one of the strongest, if not the best performing sector in Germany during the next six to 12

months. Of course, not every one is convinced that chemical stocks will improve so dramatically. Some fund managers who bought chemical stocks during the past eight to 12 weeks have now left the market. But bargain prices continue to focus an unusual

measure of attention on the traditionally staid chemical sector. While the dollar's steep decline on currency markets took its toll on many export-oriented industries, the impact was severe in the chemical sector. During the past year, a strengthening Deutsche mark virtually wiped out export profitability. Moreover, the disenchantment with German shares in general in the

first half proved especially punishing to the chemical sector. Nowadays, chemical stocks are priced at 8 to 9.5 times estimated 1987 earnings, well below the German market average of between 14 and 15, and less than half that of international competitors, such as Dow Chemical and Du Pont, "They've reached a point where they're just too cheap." says Mark Quilliam, chemical stock analyst with Salomon Brothers in

The dollar's recent stability could change all that. And already there is talk of improved export income. "Everyone knows the strong Deutsche mark is the principle negative influence on these companies right now. If the dollar reaches a plateau, the turnaround in investor sentiment could be quite

rapid," Mr. Quilliam says.

The stable outlook for the German economy is another encouraging factor, with some analysis forecasting a growth

rate of between 1.7 percent and 2 percent this year. Ominously, perhaps, no IPO specialists queried In the meantime, analysts are giving German chemical comrecently were aware of any major IPOs on tap for panies high marks for improved corporate strategies and balance sheets. After being battered by an industrywide recession later this summer. However, many expect AIDSin the early 1980s, Bayer, BASF and Hoechst have emerged

from a painful restructuring stronger and well-positioned for

several years of steady growth, analysis say. In general, the West German chemical giants have moved away from commodity and raw-material products, adding spe-cialty products with wider profit margins. This diversification should make earnings less vulnerable to downturns in the

economic cycle. At the same time, Bayer, Hoechst and BASF have slashed financial debt and negative interest payments and turned in better-than-expected first-quarter performances for 1987. Meanwhile, demand for chemical products has defied the normal summer full and remained strong, while capacity utilization is holding steady at a healthy 85 percent.

The quality of earnings is better now," says Madelaine Hall, manager of the European fund at Schroders Fund Management in London. "They will still be cyclical companies, but they are more protected."

LTHOUGH the stock prices of Bayer, BASF and Hoechst generally move in tandem, most analysts and fund managers recommend Bayer as their top choice while citing its well-developed consumer prod-uct mix (over 30 percent) and strong pharmaceutical division. Bayer also is the least expensive of the big three, at about 8.4 times estimated 1987 earnings. Hoechst and BASF are both selling for about 9.5 times earnings.

Moreover, the introduction of three new cardiovascular drugs and an expanded sales force are expected to boost sales beginning in 1988. The new drugs alone are expected to contribute about 20 percent to total group profits by 1989.

The price of Bayer, which traded at a low of 265 DM in January, has risen more than 35 percent, thanks in part to the German market's recent strength. Pretax profits in the first quarter were up 3.2 percent at Bayer, but 1987 earnings are expected to dip slightly to 40 to 42 marks per share.

Analysis were divided on ranking Hoechsi and BASF. Hoechst's future earnings are expected to benefit from the purchase earlier this year of Celanese, a diversified U.S. chemical firm specializing in fibers.

Hoechst's stock hit a low of 230 DM a share in January, but has made a strong advance since then. Pretax profits for the first quarter were up 5.7 percent, and analysts say 1987 per-share

earnings will range from 29 to 31 DM. BASF is favored as a short-term play. The company is expected to profit from rising oil prices, analysts say. But its heavier emphasis on raw material, bulk chemical and petro-

chemical products make it a riskier long-term investment. BASF's stock hit a low of 240 DM at the end of January, but has made substantial gains since then. Pretax profits in the first quarter were up 3.2 percent, and analysis estimate 1987 earnings will be 28 to 34 DM a share.



If Deutschmark investments are part of your pension fund strategy, you are familiar with the variety of DM instruments available. But, there are subtle differences in yields, liquidity, maturity, and depth of the market. There are yet other considerations which may require tailor-made solutions.

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States, compared to \$8.8 billion in 283 IPOs during the same period a year earlier.

record \$22.4 billion is still a subject of debate among IPO specialists. The chief uncertainty, they say, is the outlook for Wall Street's bull market, which cele-brates its fifth anniversary this month. While IPOs typically do well during rallies when investors' speculative appetites are whetted, they can fall fast during broad retreats, as last seen in 1983.

heat up as the bull market continues."

securities firm D.H. Blair in New York, is less sarguine. He predicts "a 400- to 500-point correction" in the Dow Jones industrial average, which could dry up investor interest, discourage companies from of-fering stock and clobber recently issued IPOs. "I

newsletter. Only 43 percent of the new crop outper-formed the broad Standard & Poor's 500-stock index.

at substantial discounts." for the fickle IPO market and time to shop around. "There are probably some good deals out there at prices significantly lower than what they might have it will improve." In fact, he believes ECAD's earnings will rise to 50 cents a share in 1988 from 37 cents this

is a lot more interest these days in "basic salt-of-the-earth companies," says Mr. Kimberlin. For example, he cites a company that his firm

substantial costs savings to clients. Offered at \$6 a share, it recently traded at around \$8. land of Hampton, New Hampshire, a rapidly grow-

around \$28.

This kind of phenomenon warms the hearts of sothe activity of flippers will drive up an IPO price by 5 percent or 10 percent within three days. But this kind

"We think the best approach is to look for reasonably priced issues and hold them for a few years,"

previous company documents.

"There's no way of seeing how well a company plans their business," says Alfred Kugel, president of Chicago-based Stein Roe Farnham's Discovery Fund of emerging growth companies. He recommends that investors with a bent for IPOs consider diversifying ov as 10 issues in a range of i

In June, Mr. Klugel bought shares in ECAD, a leader in computer-aided design. The company went public June 10 at \$8.50, and then slipped below \$7.50. It was trading above \$8 last week. "It's been a bad market for small technology issues. But we think

How to Play the China Card

Continued From Page 7

began by targeting Japanese companies — JVC, Hitachi, Sony and others - that could effectively extend mature product cycles by sell-ing into China or relocating capital equipment there.

The other principal components for both China & Eastern and the Gateway fund were Hong Kong companies with strong prospects to the north Mr. Compton notes Hopewell Holdings, a property developer; Burwill International, a commodities trader, China Light & Power, which sells about 15 percent of its output to the mainland, and Jardine Matheson, the diversified British "hong."

As with any concept, you want to invest in what will benefit from il," Mr. Harding says. "It was clear

to us that the way to play China was to buy Hong Kong.

Beijing's late-1985 clampdown on consumer imports and the resurgence of the Hong Kong market last year have altered the shape of both funds. As if in unison, Mr. Harding and Mr. Compton cashed out of the Tokyo market, at least partly, and focused still more

heavily on Hong Kong. In some respects, the Thornton fund is hardly distinguishable at the moment from any other Hong Kong unit trust: Properties account for almost half of Gateway's \$116 million portfolio, the hongs an additional quarter and local utilities about 8 percent

Apart from his share in Rockha-ven, however, Mr. Harding has also placed 8 percent of the Gateway fund in Chinavest NV, which is managed by the Orange Nassau investment group and has China-related holdings, and Tian An. a Hong Kong-listed developer with projects in Shanghai. Beijing, and several smaller mainland cities.

China or no China, the Gateway

fund appreciated by 64 percent last year, its first full year of operation, compared with a 47 percent rise in the local Hang Seng Index. In this year's second quarter, the fund was



Harding: There's no such thing as a direct play.

up 19 percent, beating the Hang Seng by two percentage points.

"The China angle looks like a gimmick when the Hong Kong market is running, as it is now, Mr. Harding acknowledges. "But we'll look much different as time

Similarly, China & Eastern's \$40 million in capital is about 70 percent invested in Hong Kong stocks and 15 percent in Japan. In both markets, however, the focus on China-related businesses is more pronounced. The rest is invested in

nquoted mainland ventures. The important thing to remember is that the speed of change in China is still well ahead of people's perceptions," Mr. Compton says. Based chiefly on its quoted in-

vestments, China & Eastern was the best performing investment company listed in Britain last year. Issued at 92 cents, shares now have a net asset value of about \$2.45 each; they trade on the London Stock Exchange at roughly 140 pence (\$2.21).

China & Eastern's structure re-

flects the risk involved in its China stakes. As a quoted investment company with a fixed number of shares, the directors are able to operate within a stable pool of capital that will not shrink overnight if. say, a key reformist in China catches a cold. By contrast, a unit trust would have to sell assets to meet redemptions demand, which could pose problems if its holdings

were not readily marketable.

A Modest Rebound In U.S. Farmland

By Cynthia Catterson

GRICULTURAL property in the United States has hardly proved a hot investment in recent years as hundreds of farms failed amid a worldwide slump in commodity prices. By some estimates, the value of American farmland has declined as much as 60 percent since the carly 1980s.

Lately, though, there are signs that the decline has slowed and almost halted in some areas, according to the U.S. Department of Agriculture and regional Federal Reserve Banks. There have even been modest price increases in a few regions, particularly the upper Midwest. Observers credit changes in U.S. tax laws, reduced fuel and production costs and moderating interest rates for helping stall the slide.

No: surprisingly, investors, some of whom are looking for places to stash their stock market profits, have taken an interest in farmland. Benedict T. Palen Jr., whose Denver firm. AgriCapital Corp., specializes in farmland investments, says the number of inquiries is up more than 50 percent in the last six

"Now is probably the time to step in and

pick up bargains," he says. Otto Sprenger, president of the Realtors Land Institute in Chicago, cites the owner of a parcel in northern Illinois who paid \$1,750 an acre for it last fall and recently turned down \$2,100 because he had already received a better offer. "Two years ago, the market for farmland was so devastated that it wasn't just a matter of how much a landowner could get, but whether the property could be sold at all."

Mr. Sprenger recalls. But, as farmers know all too well, agricultural property still has its share of risks. "Poor crops, lower commodity prices and cuts in federal farm subsidy programs can tapidly deplete the investor's returns," explains Colin Halfwassen, president of Halfwassen & Associates, a real estate farm management firm in Champaign, Illinois.

Although there have been more transactions since the spring of this year than there were in the past few years combined, Mr. Sprenger says, prices are still low. In inflationadjusted terms, farmland prices are at their lowest level since 1965, according to the Agriculture Department.

"Buying farmland means being a bit of a contrarian. People have to look under the clouds and see that the fundamentals have improved enough to make an interesting investment," acknowledges Mr. Palen of Agri-Capital, which has channeled about \$6 million into farmland since the company was founded

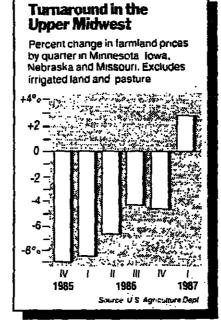
in 1979, most of it in the last three years. Land specialists note that values have fallen to the point where the returns on agricultural property are better than those on short-term money-market instruments. Prime farmland can yield as much as 10 percent annually, while at the same time giving the investor the chance for a capital gain

Aside from cash flow from crop sales, investors are finding that agricultural property sometimes has other attractions, such as oil, gas and water rights. Investors are also attracted by the notion of real estate as an inflation hedge and expectations that commodities prices may rise.

Though traditional tuyers of farmland are wealthy farmers who plan to farm the parcel or lease it out, a growing number of limited partnerships have been organized for nonpro-lessional investors. A partnership organized by Mr. Palen's firm, for example, requires a minimum investment of \$10,000. AgriCapital takes care of all the details associated with managing the farm, from hiring the farmers to taking the crop to market.

Investors can choose how to structure their participation. The most profitable and popular arrangement is known as custom farming, in which the investors assume all the expenses and reap all the profits.

Simpler, less risky and less profitable agreements are cash leases and bushel leases. With cash leases, investors are not involved with the actual crops or proceeds and therefore have limited upside potential. They are merely investing for long-term appreciation of the farm property. With bushel leases, also known as



crop share leases, investors share costs with the landowner and get a percentage of the crops. The only expenses they pay are proper-

Investing in farmland is a long-term commitment to an illiquid market. While many farmland experts are predicting dramatic increases in property values, they insist that investors have the patience of a farmer. The waiting period for big payoffs can be greater

The Risk in Raw Land

While some investors are drawn to farmland, others have been tempted recently to buy limited partnerships in so-called raw land near urban areas. This is undeveloped property that is purchased by a syndicator with the intention of turning it over in two to five years to developers for apartments, offices, shopping centers or industrial parks.

The syndicators sometimes install water and electrical services and obtain zoning approval from local governments for potential development so that developers can simply buy and build.

Unlike farmland, raw land has not depreciated over the past few years, investors are speculating that the property's value will increase substantially because it is near a growing city. "With raw land, you are investing in a hope and a prayer. It has nothing to do with current land values." says Elizabeth Roberts, president of Van Kasper Advisers, a San Francisco-based investment firm.

If the plan works, investors stand to make returns of 20 percent to 200 percent, say syndicators. Limited partnerships from established syndicators, such as The Heartland Group in Seattle and Bennett Consolidated in San Ramon, California, typically require a down payment of \$10,000 to \$15,000, with annual payments of about the same amount to cover taxes, interest payments and improvements. These payments continue until the

property is either sold or paid off. Other syndicators offer less costly shares.

The big risks are that the highway the investors expected to be built never materializes or that local authorities do not approve the parcel for development. One plan was thwarted because environmentalists found an endangered butterfly on the property.

Sometimes the urban sprawl just gives out. "Investors have to be extremely careful about how far out in the boondocks the land is." cautions Robert W. Fitzpatrick, president of Teachers Management & Investment Corp. in Newport Beach, California.

If plans go awry, raw land can turn into a raw deal. Investors' money can be tied up a long time in taxable property that earns no income. Ms. Roberts notes: "Raw land is to commercial property what high-risk growth stocks are to blue chips."

Alan Crittenden, a publisher of real estate newsletters, sees trouble ahead for these deals as housing starts taper off. "Last year predevelopment land was a great idea." he says. "But raw land deals rely heavily on a housing boom, which has already come and is on its

Farmland seems a better bet, he says. "Investing in farmland now is like investing in housing in '82 to '83, when it was at its all-time low," he argues. "If farmland hasn't hit bottom yet, we're close enough."

Cynthia Catterson

STRATEGY :

Betting On a Dollar Rebound

T EARLY two months of a fairly resilient dollar have convinced some investors that the U.S. currency has bottomed out. For dedicated dollar bulls, the introduction of 10 currency warrants on the American Stock Exchange offer an easy way to bet that the longterm trend will be upward.
Issued by the credit subsidiaries

of blue-chip corporate names such as AT&T, General Electric and Ford Motor, the warrants all have the same form. For prices ranging from \$2.63 to \$4.38, each warrant allows the holder to buy \$50 of Deutsche marks or Jananese ven at a fixed exchange rate, called the

All the warrants expire in either June or July of 1992, and can be exercised in loss of 2,000. A minimum lot of warrants quoted at 23.50 each would cost \$7,000.

The strike prices are set above prevailing exchange rates for the dollar at the time of the issue, though the dollar has already risen beyond the strike prices of some yen warrants. The terms of the warrants, as the underwriters acknowledge in the prospectuses, are not as attractive as those available to big institutions that play the foreign exchange markets. Indi-viduals, in effect, pay extra for the convenience and simplicity of the

One attraction is that they are traded and quoted by a major exchange, unlike warrants issued in the Euromarket. The structure is also simpler than the currency options traded in Philadelphia and Chicago, which have multiple strike prices and expiration dates. Expiration dates on those options only extend for about a year. Investors in the Amex's six yen

warrants and four mark warrants are betting that at some point before expiration the dollar will be significantly higher than the strike prices. For the warrants to have value, the dollar must move far enough beyond the strike price to cover the cost of purchasing the

Calculating the exchange rate at which the purchaser would break even gives some indication of how long the odds are. For example, a week ago, General Electric's yen warrant, which carries a strike price of 149.7 yen to the dollar, was quoted at \$4.75. The dollar quoted

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in July.

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31 would have value. If the yen rended to focus on the U.S. Japa- ence the magnitude of swing that were to fall to 120 to the dollar, the ness relationship, notes Mr. Elser and pay off. warrant would be worth \$6.15. hardt, so the "U.S. retail investor is So far, investor interest has cen- sensitized to the yea."

that day at 151.5 yen, just over the tered on the yen warrants, says. Another factor is that the mark's

John Eberhardt of Bear, Steams & climb against the dollar has both Thus, the yen would have to Co., which underwrote the first more gradual than the years. Invesweaken more than 8 percent — four currency exchange warrians thus tend to be attracted to the beyond 164 to the dollar — before listed on the Amer. Media reports more volatile currency since the a GE warrant purchased on Aug. about world trade frictions have odds seem better that it will emperate

William McBride

N \$ MILLIO

Strike it rich in Canada's Favorite Lottery. You pick your own numbers playing Lotto 6/49

That's right ... you can win millions by picking your own numbers playing Lotto 6/49---Canada's most popular Government Lottery. In fact, last year Lotto 6/49 paid out \$354,736,589.00 in ALL CASH PRIZES. And it's all free of Canadian taxes. There are two draws each week for a grand prize guaranteed to be not less than \$1,000,000.00 with many millions more in secondary prizes. Grand prizes often run into the millions and have been as high as \$13,890,588.80. Imagine what you could do with that much cash! This is your opportunity to find out because now you can play the lottery that's making so many millionaires in Canada.

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Lotto 6/49 is the official Canadian version of Lotto—the world's most popular form of lottery. It's the lottery in which you pick your own numbers and it's called "6/49" because you select any 6 of 49 possible numbers from 1 to 49. Your numbers are entered in the Lotto 6/49 computer system and if they match the six winning numbers chosen in the draw-you win the grand prize. Or if you have only 3, 4 or 5 numbers correct you win one of thousands of secondary prizes available.

HOW CAN I PLAY?

Complete the attached order form and send it to Canadian Overseas Marketing along with subscription for 10, 26, or

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•	PRIZE BREAKDOWN (A:	itual Sam	ple of One Draw
1	PRIZES	NO. OF PRIZES	PHIZE VALUE*
	1ST PRIZE SOUT OF A REG. HUMBERS	1	\$13,890,588,80
Į	2ND PRIZE	10	\$449,481.60
Į	SRD PRIZE	718	\$3,704,70
-	4TH PRIZE	48,917	\$139.30
ł	STH PRIZE	965,112	\$19.00
1	TOTAL PRIZES		LPREZEVALUE

1st, 2nd, 3rd, and 4th prizes are calculated on a per the total prize good. Since the prize good (isotheries

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nbers on each game board you wish to play



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4 Games	\$180.	□ \$450.	☐ \$ 900.
5 Games	S225.	□ \$562 .	□ \$1125.
6 Games	🖸 \$270. WHERE LEGAL		□ \$1350.

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When Troubled Companies Offer Rights

By John C. Boland

AST month, the Banc-Texas Group, a beleaguered Dallas-based holding company, completed a huge financial restructuring that swung its net worth from a negative \$98 million to a positive \$90 million.

The mechanics included a \$150 million infusion of capital from the Federal Deposit Insurance Corp., the forgiveness of substantial debt, and, perhaps most bewildering to the average investor, the use of a little known financing technique called a rights offering which enables existing stockhold-ers to purchase additional shares at a discount from the market

Rights offerings, popular in the 1930s and 1940s as a capital-raising tool, were used by utilities into the 1960s. But they had almost vanished until a group of British investors began using the concept here in financial rescue packages. As applied by the Hallwood

Group, a New York-based finanpean investors, rights deals are ey and having another gol." usually part of a last-ditch attempt writer for a rights offering by the

In contrast to a \$50 million negative net worth on March 31, GCA

and Saxon Oil. "We've done six or seven over the last four years," says Robert M. Davies, a Hallwood executive vice president.

For shareholders, rights offerings present a puzzing array of holder can sell stock he owns and choices, with little time for study. bury it back at a lower cost by The huge prospectuses can be daunting. "You've got to be a fairly sophisticated investor to plow through a complex document,"

And as the dismal market action of Radiation Technology and Saxon Oil attests, a company's problems may not be solved by a onetime capital injection. Because of poor management or competitive problems, the company may weaken again as the cash dwindies. Thus an investor buying more shares may be throwing good money after bad.

Mr. Davies acknowledges a psychological hurdle to enticing existing shareholders to buy. "They've usually lost money by the time we get involved," he says. "And we go to them and say, "We're going to revive this company, and how cial company controlled by Euro- about putting up some more mon-

If rights are not exercised, the to revive failing companies. In underwriter and private investors March. Hallwood acted as under- it has fined up stand ready to buy leftover shares. For its efforts, GCA Corp., a wobbly maker of Hallwood often gets part of the equipment for semiconductor reorganized company — 14 permanufacturers. 12.5 percent of BancTexas.

One reason the investors conrecently sported positive equity of fronted with rights offerings must transaction took place — a mas-\$80 million, said Roger M. Bur- act quickly is that the terms estable sive reverse split under which zun, its general counsel. Earlier lish a price discrepancy - in et holders received one new Bane-

eration, the exercise price to buy-shares via rights may be drastically lower than the prevailing price at which the common has been trading. This means that a rights exercising the rights.

When enough holders do this, the market price of the common is driven down toward the rights exercise price. As that happens, the value of the rights erodes, often approaching zero near expiration. With BancTexas, the decline was particularly swift.

N June 15, BancTexas closed at 37.5 conts a share on the New York Stock Exchange The next day, as the shares and the rights traded separately, the com-mon opened at about 10 cents. At their low, the shares traded at slightly more than 7.8 cents. The tights sank from a high of 12.5 cents to less than half a cent."

"The market does adjust," said Richard Brancher, corporate counsel at Bank Texas. But for the average invesior to

recognize all the adjustments that might occur is a challenge. The BancTeras offering gave holders of each share six rights. But the rights-exercise example in the prospectus said that each four rights entitled a holder to buy 24 shares at 7.5 cents each.

On July 20, the final step of the

deals have helped resuscitate the fect, two prices for the same stock. Texas share in exchange for every Brock Hotel Corp. and, less successfully, Radiation Technology plott. Especially in the rescue op quired by the rights. By mid-week. 50 shares held previously or acthe new stock was trading at \$3.75. . Investors who exercised the rights and rode through the comp-non-got a relatively undiking stake in the company, acquired at 60 percent of the new book value of about \$5.40 a share.

Mr. Davies considers that attractive, adding that, after major charges taken in 1987's first half. BancTexas boasts "strong toanloss reserves, a low-cost brench system", and a balance sheet strengthened by an infusion from the FDIC equivalent to \$8.80 2

But participating in the restruc-turing required investors to put up-new capital many times the value of their investment preceding the deal. The stock's high in the week erided June 12, just before the rights were issued, was 62.5 centre-which gave 1,000 shares a value of \$625. But to exercise all the rights received on 1,000 shares would have required a payment to the company of an additional \$2,700.

A holder who does not want to put up the extra money to exercise the rights should sell the stock before the rights are issued, brokers say. A BancTexas holder selfing out in the week ended June 172 for example, might have got \$625 for 1,000 shares at the week's high or \$375 at the low.

By last week, an equivalent position could be bought for \$75 you're going to sell, do it test, says a broker who played the BancTexas restructants.

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Caledonian Says

Merger With BA

objective.

Oct 31.

the investigation.

It Will Pursue

LONDON - British Caledo-

nian Airways has decided to stand

by its agreement to merge with

British Airways despite a govern-

ment investigation that could block

the transaction, British Caledo-

nian's chairman, Sir Adam Thom-

The government decided last

week to refer BA's £237 million

(\$370 million) offer for BCal to the

Monopolies and Mergers Commis-

sion. The commission must deter-

mine whether or not the merger will

undercut competition in the airline

industry.
The bid lapsed automatically

when the referral was made, al-

though BA said it would seek to

revive its offer if the commission

made a favorable ruling. British

Caledonian's board met Saturday

and agreed unanimously to support

the inquiry.

The board's other alternative

was to pull out of the agreement

and look for another partner. Cale-

donian, the second largest British airline after BA, had been holding

exploratory talks with several for

eign airlines just before the BA

Industry sources said last week that British Caledonian had held

talks with Alitalia, KLM Royal

Dutch Airlines, Air France, and American Airlines among others. Sir Adam said he was pleased

merger proposal.

son, has said.

ing that a merger to form a power-ful British carrier to compete

against major U.S. airlines re-

mained the company's preferred

But he said British Caledonian,

which has been been losing money,

was also keeping other options

open. BCal reported losses of £19.3

million in the year that ended last

the public, has already said it will

cooperate with the commission in

British Airways, recently sold to

The commission will take three

months to decide whether the pro-

posed merger, announced July 16,

would hamper competition and therefore be against consumer in-

Critics of the merger said that if

it had gone ahead without an inves-

tigation, serious questions would

stated policy of encouraging com-

Sit Adam said that if the com-

mission had been given longer than

three months, the airline would

have had to consider other alterna-

tives. A long inquiry, he said, would have taken Caledonian into

the period when it traditionally concluded bulk travel contracts

with agents and tour operators

(Reuters, AP)

petition in the aviation industry.

EUROBONDS

Bank of England Sentence **Punishes Sterling Sector**

By JONATHAN ENCEL

ional Herald Tribune

ARIS — Faced with a youthful criminal offender, British authorities often administer a short, sharp shock - such as a brief stay behind bars. On Thursday, the Bank of England meted out the equivalent restraint to the barreling British economy, and the 1 percentage point rise in interest rates was definitely a shock.

But whether this reversal in its monetary policy will be short, or indeed sharp enough to contain the stated threat of higher inflation, remains an open question.

Economists were also puzzled over just why the central bank moved so suddenly. However, many now believe that the authori-

The British

bank rate rise

figures ahead.

chancellor denied the

signaled poor trade

ties finally heeded predictions that a rate rise was necessary to slow down the consumer spending boom that easier rates had helped stimulate ahead of the June general elec-

In the midst of all this consterling bond markets was unequivocal. With major British

banks following the central bank's lead by boosting their base lending rates to 10 percent from 9 percent, prices of British government bonds and sterling Eurobonds plunged. As of Friday, they showed little sign of recovering ahead of the spate of economic indicators due this week, many of which are expected to show a rise in inflationary pressures.

Otherwise, as the international bond market anxiously awaited

the U.S. Treasury's quarterly refunding, the other major market news concerned the rejection by banks of a novel proposal to repackage their holdings of perpetual floating-rate notes.

The Bank of England's move was initially interpreted by many analysts as a pre-emptive strike to bolster sterling ahead of the June trade figures due Tuesday. In May, the key current account balance, grouping merchandise trade, services and many finan-cial transfers, had dropped to a surprise deficit of £561 million, largely on a sharp jump in imports. Many economists had expected this broad measure of trade to break even, or register a slight surplus.

HIS trade news battered sterling, as it indicated both a large supply of pounds overseas and the need to lower the exchange rate to improve trade performance. At the same time, the belief that a lower pound would increase costs of imported goods and thus prove inflationary helped underent a prices of stocks and bonds, especially as the figures followed big increases in bank lending and retail sales for June, two other inflationary indicators.

On Thursday, believing that the central bank knew more bad figures were on the way for June, investors again dumped British government bonds and sold shares. The government's benchmark 11% percent bonds due 2003/07 fell about 3 percentage points to 113 12/32, then fell another point on Friday before recovering slightly to 113 22/32. Dealers said the late rebound reflected market participants' closing out their speculative sales to take profits, rather than much fresh buying.

Sterling Eurobonds, being a less-liquid market, suffered less,

although prices were down around 2 points on Thursday, and closed unchanged Friday after originally extending the losses in morning trading.

Nigel Lawson, chancellor of the Exchequer, said the interest rate rise was intended to keep inflation low at a time when the economy, by U.S. and European standards, is booming. Growth in gross domestic product, excluding oil-related goods and services, is steaming along at 4.5 percent. Inflation, on an annual basis, stood at 4.2 percent in June.

Mr. Lawson denied that the move was connected to the upcoming trade figures. Yet some British economists, taking the chancellor at his word, detect unsettling trends for the economy, and the sterling bond markets.

"To my suspicious mind," said Stephen Lewis, director of economic research at Phillips & Drew, the British brokerage, the good but that all the other figures will be quite bad." He is forecasting a current account deficit of £100 million, the low end of an analysts' range that extends to around £300 million.

He said he also believed the underlying reason for the bank's

action was to quell "financial excesses." For example, speculation on the London Stock Exchange has inflated prices with little regard to fundamental share values. In fact, after the bank's move, the Financial Times-Stock Exchange index of 100 leading shares fell 91.2 points over two days.

Also, the war chests being raised domestically by several British companies to buy U.S. concerns will result in the export of large amounts of pounds for dollars, he noted, thereby complicating the government's attempts to control the exchange rate. Last

See EUROBONDS, Page 13

Currency Rates

L1011 0.7067 2.0736 4.9185 1.80246 2.234 41.0345 1.2539 0.7967 2.2639 7.8672 1.713.57 2.4619 49.8562

Sources: manufact mark in manual; material commerciare manuale (Allan); Bo de Ports (Ports); Bonk of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirk (ruble). Other data from Reuters and AP.

July 31 Chies

257207 + 0.77 %

1.074.66 + 0.57 %

311.95 + 1.71 %

318.66 + 1.36 % 373.36 + 1.30 %

3,479.24 + 1.64 %

Last Week's Markets

All figures are as of close of trading Friday

Money Rates

Federal funds rate

3-month interbank

West Germany

Bank base rate

Aug. 7 July 31 Carpe

Call money

Volted States

Discount rate

Japan

Call money

Britoio

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Austrol. \$ 1,232
Belo. Ba. fr. 9,11
Brezil cruz. \$7,20
Canedion \$ 1,2242
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Stock Indexes

United States Aug. 7

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Ongpin Threatens To Resign

Aide Says Manila Must Honor Debt

Compiled by Our Staff From Dispatches MANILA - Finance Secretary Jaime Ongoin has said he would resign if a law were passed repudiating part of the country's foreign debt. He said such a move could

wreck the Philippine economy. Reacting to proposals in Congress that the Philippines disown part of its \$28 billion debt, Mr.

Ongpin said, "I couldn't implement such radical change." "They would have to find some-one else," he said Samrday at a news conference.

He said nonpayment of debt would cause instability that would reverse any economic growth the country has achieved. Mr. Ongoin faces a Senate hear-

ing on debt on Monday.

Senators have filed bills that would limit annual debt payments to 10 percent of commodity export earnings and suspend principal payments for three years.

About 45 percent of the country's export receipts go to the ser-

The legislative moves follow a speech on July 27 by President Corazon C. Aquino in Congress in which she sharply criticized the country's commercial bank lenders for having imposed what she de-scribed as still credit conditions.

She stopped short of calling for debt repudiation but talk of such a measure has been rife among legislators since the address.

Mr. Ongpin said Saturday that repudiation would bring about limitations on access to credit, cancellation of trade facilities and erosion of investor confidence.

Several senators are seeking Mr. Ongpin's resignation, saying he did not defend the Philippines' interests when he signed an agreement with bank creditors July 17 re-scheduling \$13.2 billion in foreign

Legislators have also spoken in favor of repudiating part of the debt contracted during the term of President Ferdinand E. Marcos, (AFP, Reuters)

WASHINGTON - The Securi-

The agency proposed language

for Congress to use in writing a law

that would state precisely the cir-

cumstance under which it is illegal

to use confidential information to

The topic has become critical be-

The SEC has always enforced

mation not yet available to other

cause of the recent insider trading

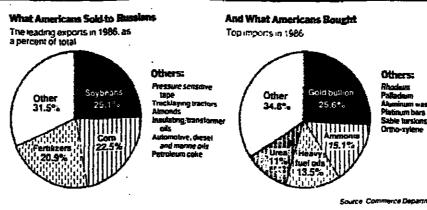
profit from securities trading.

scandal on Wall Street.

ties and Exchange Commission,

ending years of vagueness, has pro-posed a definition of insider trad-

The Flow of Goods Between the Soviet Union and the United States



Soviets Eagerly Eyeing U.S. Market But Their Manufactured Goods Face Obstacle Course

By Clyde H. Farnsworth New York Times Service

WASHINGTON - The United States has just imposed a quota on some imports from a most unlikely country: the Soviet Union. Why unlikely? Because imports from the Russians in general are so small, totaling only \$601 million last year, and the product restricted -a cotton fabric - accounted for only a minor portion of that.

The quota is the latest frustration for the Russians, who have been trying to increase their exports of manufactured goods to the United States. These include tractors, textiles, belicopters, binoculars and excavators. And they would like to begin selling cars in the United States within the next few years.

The Soviet Union is eager to

sell more manufactured goods to the United States for two reasons: It wants to earn more dollars to raise its sagging foreign currency reserves, and it is one of the few countries running a mer-chandise trade deficit with the United States (\$650 million last

We are naturally trying to make our trade equal," said Oleg V. Kozhevnikov, commercial minister at the Soviet Embassy and the Soviet Union's trade representative in the United States. Trade statistics in 1985, for example, showed the Soviet

Union imported about \$2.6 billion worth of U.S. goods, while Americans bought only \$600 million in Russian products. Since then, U.S. exports to Soviet American people view freer emi-

was issued Friday, continues to

issues that courts have been grap-

but may also be softening an im-

portant standard under which

some inside traders have been pros-

ecuted. That standard is called

The SEC has maintained that a

trader acts illegally whenever a

trade is based upon nonpublic, market-sensitive information.

Nowhere in the new definition is

the word "misappropriation," and

The standard was developed by

"misappropriation."

But it also tries to embrace other

The SEC is trying to close two

adopt that standard view.

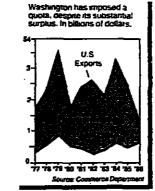
SEC Tries to Sharpen Definition of Insider Trading

Union, mainly wheat and corn, gration and respect for human

have fallen steeply. But Soviet exports to the United States, several long-standing obstacles seem to preclude any significant increase. One is that Soviet products have a reputation for poor quality.

The other is the Jackson-Van-Communist countries to receive

U.S. Trade With the Soviet Union



most-favored-nation trading privileges only if they loosen restrictions on emigration. Because the Soviet Union lacks most-favored-nation status, the tariff on its goods is 38 percent, compared with an average of 2.8 percent

levied on imports in general.
"We have made it clear that the administration and the

For years, SEC officials would

not offer a definition of insider

trading, thinking that such a defini-

tion might be useful to defense at-

torneys looking to evade the law.

Instead, the regulators relied on the broad prohibitions in federal secu-

rities law against fraud in securities

definition could close two impor-

tant loopholes and help it prose-

cute insider traders.

The SEC itself decided that a

rights as fundamental concerns, which bear on possibilities for improving the trade relationship." said Franklin J. Vargo, deputy assistant commerce sec-

retary for Europe. Even so, the Soviet Union has had some initial success in exik amendment, which allows panding its offerings in the United States, which had consisted mainly of fertilizers, oil and related products, metals, other raw

materials and vodka. In a marketing program that is little more than a year old, the Soviet Union has sold about 1,000 small Belarus tractors in the Farm Belt.

Some analysts believe that Moscow's purchase of 8 million tons of American grain in recent months may have made U.S. farmers more willing to buy Rus sian tractors.

"Our experience in tractors shows that American farmers were very happy to buy a product that catered to their needs with a price acceptable to them, and they didn't care where it was made," said Ara Oztemel, chairman of the New York-based Satra Corp., which sells Soviet products in the United States. Satra is an acronym for Soviet-American Trade.)

An U.S. trade official added: The thing gets sold. They are the right mix of price and simple operation."

But as the Soviet Union has learned with textiles, efforts to sell manufactured goods in the United States can run into road-

One loophole the proposed defi-

nition is intended to close is a pro-

vision under current law requiring

the SEC to prove that a trade was

made "on the basis" of illegal infor-

mation. Many defendants claim

that their trade was made using

information that was commonly

The new proposal would say simply that no one can trade while

See TRADE, Page 15 -

relationships.

available.

Poses Political Threat He said the program was neces-Compiled by Our Staff From Dispatches

García Says Bank Move

LIMA — President Alan Garcia Pèrez has acknowledged that pushing forward immediately with the nationalization of Peru's private banks and financial firms could pose a threat to his government. After announcing that he would

suspend temporary government administration of the financial in-stitutions, Mr. Garcia said, "I remember Salvador Allende, president of Chile, used to say 'Advance without compromise.' I am not go-ing to make the same mistake." Allende was overthown and

killed in 1973. "I will not allow Peru to arrive at a dramatic, tremendous dictatorruled in 1980 that a printer, Ray- fined as theft, bribery, misrepreship that kills many Peruvians," mond Chiarella, had not commit- sentation, electronic espionage,

Mr. García said in an interview on ted illegal insider trading by piec- and most important, breach of any Saturday. ing together from financial "fiduciary, contractual, employ-However, he made clear that he documents information about ment, personal or other relationstill backed the nationalization of tender offers and then trading on ship. The SEC is thus tying breach

the 10 private banks, six credit in-

Mr. Garcia imposed government control on the financial institutions as an interim measure after he announced his nationalization program on July 28.

sary to stop the flight of capital out of Peru and to end discrimination in lending against the rural poor. A court order last week suspended the government intervention

while courts studied whether it violated bankers' constitutional rights. On Friday, Mr. Garcia said he would abide by the order. He said the government would not act illegally because "the reaction, the right wing, would be able to drive other forces against the govern-ment and the democratic system."

Mr. García said he believed the Congress, which is dominated by his party, the American Popular Revolutionary Alliance, would approve a nationalization law soon. On Friday, the Peruvian Army

also announced its backing for the nationalization plan. "We are respectful of the constitution and the decisions of the suand consequently must give our support and backing to all that his popularly elected government

does," General Jorge Flores told the official Andina news agency.

Kaufman Sees Rising Prices, Possible Recession in 1989

NEW YORK - Accelerating inflation in the United States could trigger a recession in 1989, according to Henry Kaufman, chief economist for the brokerage house Salomon Brothers and one of the most influential U.S. economic analysts. "I think we have probably seen

the low in the inflation rate. There are chances inflation will go higher," Mr. Kaulman said Friday. He said he thought the expansion of the U.S. economy, which

has been going on for five years, would end in late 1988 or 1989. "There's a high risk that late next

year, or more likely in 1989, we will see another downturn in the Amer-

ican economy," he said. "I think it will be triggered in part by the increase in inflation that won't be tolerated by the cen-

tral bank," the Federal Reserve, "and the government generally. "There will be higher interest rates, stifling of the availability of credit, the dollar problem will per-

sist from time to time and that will contribute to it and then we face a recession." Mr. Kaufman said On Wednesday, the Reagan administration raised its estimate of the 1987 inflation rate to 4.8 per-

cent, a full point higher than the 3.8

percent it estimated in January.

Henry Kaufman

Mr. Kaufman said there were several factors that would cause inflation to accelerate. The increase in consumer prices

would result in demands for higher wages, interest rates would rise, the trade and budget deficits would continue to be large and international monetary cooperation would be hard to achieve, he said.

Mr. Kaufman said that the Federal Reserve Board would be hampered in its efforts to control the economy because of the U.S. presi-

dential election in 1988. The economist said that if there were a recession, the United States would not recover as quickly as after the 1981 downturn.

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Benz Bends on Rebates To Clear Cars in U.S.

commonly accepted notions of in-some experts suggested the omis-

sider trading, such as when a direc- sion might mean that the SEC was

investors. The definition, which the SEC after the Supreme Court

tor of a company trades on infor- backing off from the standard.

Softer Dollar Forces Financing Move

By Warren Brown

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\$\text{c}\$ D.M. F.F. \$\text{V.L.} \quad \text{Gider.} \quad \text{E.F.} \quad \text{S.F.} \quad \text{Ven}\$

\$\text{3.3715}\$ \$\text{117.546} \quad \quad \text{3.375} \quad \text{0.1853} \quad \quad \quad \text{1.860} \quad \quad \text{3.465} \quad \quad \quad \quad \text{1.860} \quad \quad \quad \quad \text{2.1853} \quad Washington Post Service WASHINGTON - It is not the sort of thing one would expect of Mercedes-Benz of North America. distributor of some of the most expensive and sought-after cars. Maybe that is why the company has made no public announcement. But Mercedes-Benz is offering rebates on many of its leftover asked.

1987-model cars. There is a catch: The rebates, ranging from \$1,000 to \$3,000, go to Mercedes-Benz dealers that have already exceeded their sales quotas for this year. Dealers, in turn, can offer some, all or none of the rebates to buyers of their cars, which have sticker prices ranging from

\$28,450 to \$59,580. If the Mercedes-Benz dealership is not eligible for rebates, the buyer can still bargain - since that dealership, in all likelihood, has an

oversupply of cars. Shoppers for more modest cars can count on sales incentives on most U.S. autos as well as some imports. Faced with an overall 75day supply of cars, the Big Three U.S. automakers - General Motors Corp., Ford Motor Co. and Chrysler Corp. - have all announced sales incentive programs with cut-rate financing as low as

1.9 percent. So far Subaru is the only Japanese manufacturer offering incentives, using 3.9 percent loans and rebates of up to \$1,500 in an attempt to shrink its estimated 87day supply of unsold cars.

300-series models. Acts of desperation for the high and the mighty?

has never been the case with imports, least of all Mercedes. Susan G. Jacobs, vice president and manager of automotive re-search at Merrill Lynch Economics Inc. in New York, said buyers of European-made luxury cars, lured by the status as much as the quality of their purchases, often seemed willing to pay whatever dealers

But the sluggishness of the U.S. economy, combined with steep price rises generated primarily by the dollar's decline, seems to be generating resistance among U.S. buyers of foreign cars in general and luxury car buyers in particular, the Merrill Lynch analyst said.

She said that prices of European luxury cars had risen as much as 8 percent since last October, adding as much as \$3,000 to some models.

having a car supply of less than 40 days in a market where a 60-day supply is considered normal. But Automotive News, an industry trade journal, reports that Mercedes-Benz has a 46-day supply of

BMW, the darling of affluent middle-aged car buyers, is showing a hefty 73-day supply and offering financing as low as 6.9 percent, to sell off many of its leftover 1987,

The SEC proposal explains when in the possession of illegal informainformation is "wrongfully" obtion, whether or not that is tained or used. Wrongfully is defor the decision to invest. tion, whether or not that is the basis Buchsbaum, Citing Threats,

LOS ANGELES - Michael Buchsbaum, former chairman of Holly Sugar Corp., has said that a series of death threats against him and his family led to the failure of his \$133 million bid to take over the

Drops Bid for Holly Sugar

Mr. Buchsbaum resigned Thursday after Holly's board terminated the merger agreement with his group, Arcanum I Partners. The board said the group was delaying the buyout.

Mr. Buchsbaum, who will remain a director of Holly, said Friday

that he had received several death threats in the past two weeks, linked to the buyout. This was Mr. Buchsbaum's second attempt to take over the secondlargest U.S. sugar beet processor, based in Colorado Springs, Colorado. He tried to take Holly private in a leveraged buyout in 1982, but

failed for lack of financing.

An FBI spokesman said the agency was investigating threats "both written and verbal" leveled at the Buchsbaum family.

Some people familiar with the negotiations surrounding the bid for Holly were skeptical about Mr. Buchsbaum's resolve to complete the

takeover. His group had received \$80 million in financing commitnents from National Westminster Bank USA.

One executive close to Holly said he expected Brookehill Equities Inc., a New York investment concern that owned 10 percent of Holly's stock on June 29, to revive its recent bid for Holly. Holly shares closed Friday on the New York Stock Exchange at \$90.25, down 25 cents.

Mercedes-Benz is accustomed to Singapore GDP Ahead 7.4% aving a car supply of less than 40

SINGAPORE - Singapore's gross domestic product, adjusted for inflation, grew 7.4 percent in the second quarter of 1987, confirming the economy's recovery from a recession two years ago, the government reported Saturday.

The Trade and Industry Ministry said the growth compared with percent in the first quarter and 1.2 percent in the year-earlier quar-"With the momentum of growth

"No," said Fred Chapman, a expected to be sustained for all the Mercedes-Benz spokesman. Mermajor sociors except construction, cedes-Benz is doing well, but the overall growth for 1987 is expected to be about 6 to 7 percent," the ministry said.

Last year, GDP grew 1.8 percent

House of Beef

ens to the Washington Matrix of

in the first quarter.

after shrinking 1.6 percent in 1985.

eign demand in the second quarter

had helped stimulate the economy.

gapore dollars (\$6.91 billion) in the

second quarter from 12.37 billion

Exports roso to 14.61 billion \$in-

The ministry said that strong for-

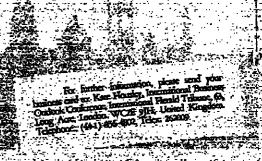
Bk Engl Index 10450 703.70 + 1.16 % Auto industry analysts say the domestic makers have offered in- company needs the incentives "for centives so routinely that buyers an orderly cleanup of 1987 models" have come to expect them. But that in the U.S. market, he said.

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2002 134 100 Semicrowally. Collable at 103 in 1992, Convertible at 1,260 Kyowa Bank 2002 11/4 100 Semionnually, Collable at 103 in 1992. Conventible at 1,381 yes per share and at 152,70 yes per dollar. Fees 25/56. Vitsubishi Bank 2002 134 100 100.00 Semicanually. Convertible at 3,157 yen per share and at 151.80 year per dollar. Fees 21/7%. Denominations \$10,000. . Mitsubishi Metal 1992 3 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 882 yen per share and at 151,40 yen per collar. Fees 24%. NGK Insulators 1992 3 100 Noncallable. Each \$5,000 note with one warrant exer into company's shares of 764 yen per share and of 152.30 yen per dollar. Fees 24%. Nippon Oil

Noncollable. Each \$5,000 note with one womant exercisable into company's shares at 1,456 yen per share and at 151,80 yen per dollar. Fees 216%. 1992 100 One Pharmaceutical 1992 3 103.00 Noncaliable. Each \$5,000 note with one warrant exerc 100 into company's shares at 8,118 yen per share and at 152.30 yes per dollar. Fees 256%. Prima Meat Pockers 97.00 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares of 697 yen per share and of 152.70 yen per dollar. Fees 254%. 1992 314 100 Sanwa Shutter 1992 3 scollable. Each \$5,000 note with one warrant exercis

Showa Denko 1992 3¼ 100 98.00 Noncollable. Each \$5,000 nate with one warrant e into company's shares at 620 year per share and at 152.30 year per dollar. Fees 246%. Sumitomo 1992 open 100 Coupon indicated at 3%, Nancoliable, Each \$5,000 note with one warrant exercisable into company's shares at an expe ed 29% premium. Fees 214%. Terms to be set Aug. 10. Construction 1994 open 100 Coupon indicated at 41/2%. Noncallable. Each \$5,000 note

into company's shares at 1,056 yen per share and at 151,40 yen per clotter. Fees 214%, Increased from \$60 million.

fears that the Bank of Japan would

join this exercise was a contributing

have transformed the perpetuals

into 28-year FRNs, requiring only

weighting from the Bank of En-

a problem here in London is not

seen to be a problem of the same

level of acuteness by others," par-

ticularly the Japanese banks, Mr. Blackie said. Some FRN specialists

added that because the impact of

perfect harmonization of bank cap-

impact on Japanese banks, the

Bank of Japan is expected to take a

given much leeway in deciding what their perpetuals were worth,

the FRN specialists said. There-

fore, they were reluctant to take the

initial 7 percentage point loss from

face value on their FRNs that the

authorities to count this loss

The premium payment that was required to tender the FRNs also

proved an obstacle, Mr. Blackie

said, even after the payment level

was reduced. However, he argued

that the system was not properly

understood. "The very strong feed-

back that we got was that price was

Victor Maruri, an FRN specialist with Credit Suisse First Boston

Ltd., offered three major reasons

why the idea didn't catch on. First, not all investors in perpetuals were

facing capital adequacy restraints.

Aside from the Japanese banks,

holders include insurance compa-

nies and other institutional inves-

Second, many investors bought

paper after the price crash and,

rather than worry about minimiz-

ish institutions that held perhaps

writing or trading positions have

CSFB advised clients that, re-

gardless of their exposure to capital

adequacy rules, if they held high-

quality perpetuals it was better to

sell them in the market, even

though market liquidity has shrunk

If, however, they were affected

by capital adequacy rules and held

low-quality perpetuals that would

attract few market bids, then the

Schroder plan should be consid-

ered. As it turned out, there were

few banks in this second category.

"It was a very clever design to

\$50 to \$100 million each in under-

tors, he noted.

drastically.

Under certain circumstances,

Japanese banks had also been

more flexible approach.

Schroder plan entailed.

against their taxes.

gland, rather than 100 percent.

Takeda Chemical Industries with one womant exercisable into company's shares of an expected 299% premium, Fees 234%. Terms to be set Aug. 11. £ 150 2002 414 100 nable in 1992 to yield 8.51%. Convertible at a 28% premium, Fees 25%. **WARRANTS**

J. Aron Put warrants each exercisable into 100 barrels of West Tesas intermediate oil at \$21.50 a barrel. Breakeven price \$16.80. lasuer is a unit of Goldman Soichs. \$470 J. Aron **— \$400**

EUROBONDS: Bank of England's Shock Treatment

week alone, British companies launched takeover bids totaling \$3.7 billion for U.S. companies.

They are worried about domestic monetary conditions," Mr. Lewis said. "I think it speaks volumes about the state of monetary conditions" that sterling, instead of rising, showed no reaction to last week's tension in the Gulf. The pound closed the week lower on its trade-weighted index against a basket of currencies, at 72 percent of its 1975 value after 72.3 the previ-

Richard Golding, head of bond market research at Kleinwort, Frieveson, Charlesworth, a British investment banking firm, also played down the trade figures. He said he believes that May's large current account deficit was an aberration, and expects a £250 million deficit for June, and a relatively modest £500 million deficit for the

Yet he wonders why the British authorities suddenly became worried about monetary policy, after showing little response in the past few months to the dramatic growth in bank lending and the 14 percent to 18 percent annual growth rates in broad measures of money supply. These indicators of future in-flation had already begun to worry

aidn't expect the government to trading level," where the beliwether bond due 2003/07 is yielding cerns," Mr. Golding said. Thus around 10 percent. when government acted, the market suddenly wondered if things

were worse than they had expected. British monetary policy previously had been focusing on exchange rates, Mr. Golding said. The authorities had been trying to rate notes into a combination of strike a balance between sterling appreciating so much that British exports became unattractive, and my owning the underlying undated depreciating to an extent that imports would become more expensive, boosting inflation.

In the spring, the Bank of England had helped push base rates to 9 percent from 11 percent to stifle speculative demand for pounds shead of the upcoming election, yet inflation appeared to be under con-

Now, the 1 percentage point rise creates a credibility problem, Mr. Golding said. Traditionally, in dealing with domestic monetary policy, "it has normally required more than a 1 percentage point rise in interest rates to have the type of effect that they need" to dampen milationary expectations.

For example, if the bank wanted to control a growing money supply by drawing funds out of circulation through a rise in yields on government bonds, thus making them more attractive for investors, the

increase should be greater. Yields on long-dated government bonds reached about 10.25 percent after the bank's announcement, Mr. Golding said, although they later fell back to around 10

(Continued from first finance page) think it is," Mr. Golding said. In- discussing plans to harmonize their regulations on bank capital, and vestors can already get reasons ever 10 percent simply by putting money on deposit for three months.

Yields on the benchmark factor to the plunge in perpetuals.
003/07 bond would have to reach
Thus the Schroder plan would 2003/07 bond would have to reach at least 11 percent to stimulate buying he argued. into 28-year FRNs, requiring only
Mr. Lewis of Phillips & Drew is an expected 10 percent capital

more optimistic for the market in government bonds, or gilts.
"I think many people in the market will feel happy that the gov-ernment has taken prompt action,"



Nigel Lawson Move 'targets inflation.

he said. "I think the gilt market probably will find a trading level "Based on past performance, we not too far away from the current

> Meanwhile, last week was a disappointing one for the merchant bank J. Henry Schroder Wagg & Co. No commercial banks accepted FRNs with a 28-year life and shares in a special-purpose compa-

The concept, which had drawn mixed reviews, was the most farreaching plan to date to deal with the losses stemming from the col-lapse of the \$18 billion perpenual FRN market late last year.

"At worst, it was premature," said Henry Blackie, a Schroder director and a main architect of the ing their losses, are eager to profit plan, noting that it had raised still-from any price rise. Third, the Britunanswered questions involving regulations for bank capital and

tax write-offs. Specifically, problems involving largely liquidated their holdings in capital adequacy that it had sought the market. to address apparently were not yet a great concern among Japanese banks, the major holders of perpe-

In contrast, commercial banks within the Bank of England's jurisdiction face a major capital adequacy constraint if they hold perpetuals as investments: The central bank requires them to reduce their own capital by an equal amount. Without such limits, the issuing of perpetuals would have nominally increased individual banks' capital without resulting in an overall in-crease in capital for the banking

cater to various needs, but they The Bank of England and the discovered that these needs weren't system as a whole. able to buoy the market? I don't Federal Reserve Board had been really there," Mr. Maruri said.

German GNP Is Forecast To Grow Just 1.75% in '88

MUNICH - West Germany's ross national product, adjusted for inflation, will rise by 1.75 percent in 1988 after growing by an estimated 1.25 percent this year, according to predictions by the IFO economic research institute.

The institute's forecasts are lower than government targets of 2.5 percent growth in 1988 and 1.5 percent to 2 percent this year.

The institute said in a monthly report that growth in GNP, which measures a country's total output of goods and services, including income from foreign investments would be too small to improve the labor market.

The unemployment rate will rise to 9 percent this year and 9.1 percent in 1988, from the current 8.7 percent it forecast. Otto Schlecht, state secretary at

the Economics Ministry, said Sat-

urday that the government's targets were realistic. But the economic research institute said, "The development of the West German economy since the autumn of 1986 shows more than a temporary disturbance of the

growth process. Developments

since then mark a clear reduction of

the growth rate." Industrial output may fall slightly and industry will be unable to contribute much to growth in the next few months, the institute said. It said exports would pick up next year but would be offset by the

Construction Firms In West Germany Plan to Invest Less

continued strength of the mark.

BONN -- West German construction companies have sealed illustrates a recurring problem: shine." Indeed, Obsession is exback investment plans for 1987 be-Whenever one of Minnetonka's in-pected to report sales of \$85 million cause of a reduction in demand for novations catches on giant compa- in 1987 and \$100 million in 1988. building work earlier this year, the **Building Industry Association said** Saturday.

It said a survey of companies showed the concerns would increase investment by 7 percent in 1987, compared with a 17 percent rise seen in autumn last year.

had fallen nearly 6 percent in the first five months of the year, the industry association said.

Pickens's Stake Is Said to Make Singer a Target

DALLAS - T. Boone Pickens's announcement that his Mesa Limited Partnership owns 4.4 percent of Singer Co. and might buy up to 15 percent has put the company into takeover play, according to some analysts,

They said that although Mr. Pickens could easily finance the purchase of all of Singer's 21 million shares, which could cost as much as \$1.3 billion, he may not be the ultimate buyer.

Mr. Pickens announced Mesa's holding in Singer, a military supplier, on Friday. On July 28, Boeing Co., which

is a military contractor as well as

an aircraft manufacturer, said Mr. Pickens was seeking government approval to buy up to 15 percent of its shares. Industry analysts have said that, in contrast to the situation with Singer, Mr. Pickens's plan to

nearly \$8 billion. Mr. Pickens's filings were made under the Hart-Scott-Rodino antitrust law, which requires

buy Boeing stock was more likely

move for short-term profit than

the prelude to a takeover attempt.



A visual system at a Singer flight simulation unit.

notification to the Justice Department of an intention to buy more than \$15 million or up to 15 percent of a company's stock.

Singer's stock price jumped \$4.625 Friday, to \$51.50, with more than a million shares traded on the New York Stock Exchange. The stock traded as low as \$37,625 as recently as June 30. Boeing's shares lost 87.5 cents

Minnetonka, for example, intro-

4 percent. Minnetonka decided to

sell Check-Up early this year.

Boeing has a market value of in active trading, to \$51.25.

Joseph B. Flavin, Singer's

chairman and chief executive, declined to comment on the Mesa announcement, which was made before trading began.

Mr. Pickens is under pressure to produce additional income to cover an expected shortfall of \$100 million between Mesa's cash flow and its commitment to pay \$306 million in annual cash distributions on its common and preferred units. Mesa has invested in several

energy-related companies this year, including Amerada Hess Corp. and Burlington Northern Inc., but sold most of the stakes without making large profits.

After spinning off its sewing machine operations last year. Singer saw its revenue and profit fall. It carned \$58.5 million, or \$2.63 a share, last year, a 28.9 percent decline from the company high of \$82.3 million, or \$4.30 a share, in 1985. Sales fell 29.1

percent to \$1.7 billion. Philip W. Friedman, a defense industry analyst with Drexel Burnham Lambert Inc. in New York, said that Boeing, Chrysler, Alhed-Signal Inc., and General Dynamics Corp. were among the potential hidders for Singer.

Pickens may not be the ultimate buyer of Singer," he said, but he probably has put it into

Catherine Montgomers, an energy analyst with Donaldson Lufkin & Jenrette in New York, said that if no other bidders emerged. Mr. Pickens could "easily manage" to finance a Sincer takeover. Mesa has more than \$300 mil-

lion in cash, and credit lines of more than \$600 million.

Minnetonka to Sell Soap Unit Work Begins on China Nuclear Plant To Colgate for \$60 Million

CHICAGO - Minnetonke gobbling up market share. Corp., which pioneered the con-sumer liquid soap business in 1979. duced Check-Up toothpaste, a has said that it will sell the business plaque-fighting gel that comes in a pump dispenser, in 1984. Procter & Gamble and Colgate followed suit, to Colgate-Palmolive Co. Minnetonka, which makes Obsession perfume and other consumer prod- and Check-Up's share of the toothucts, said it would receive between paste market fell to 2 percent, from

\$60 million and \$65 million for the soap business. Analysts said that the move, announced Friday, means Minnetonka, which is based in Chaska, Min-cy Hall an analyst with Smith Barnesota, can now more effectively market products with high mar- that in the areas where Minnetonka gins. But they noted the company's remains, "like fragrance, price is exit from the liquid soap business not an issue, and that is where they

"Toothpaste and soap are pricecompetitive categories," said Nanney, Harris Upham & Co., adding

H.K. Panel Warns on 'B' Share Issues

HONG KONG — The Standing Committee on Company Law Reform has recommended that there Demand for construction work be no "indiscriminate" issue of controversial "B" shares, which three big companies tried to issue. The committee, which advises

nies, which it considers could be ment refused, pending a review.

used by substantial shareholders as a means of transferring capital out of Hong Kong while maintaining

actual control of the companies. The special shares would allow

big investors to reduce the value of their holding while maintaining their voting share in a company It added that investment was the government, said Saturday it Jardine Matheson Cheung Kong mainly aimed at replacement of ex- was copposed to the indiscriminate and Hutchison Whampoa tried to isting equipment and rationaliza- issue of B' shares by listed compa- issue the shares, but the govern

HONG KONG --- Work on the main reactor complex at China's first commercial nuclear power

plant has begun at Daya Bay near the border with Hong Kong. Hong Kong environmental groups petitioned Chinese leaders last year in a bid to balt construction at the site, 30 miles (50 kilometers) north of the British colony.

Guangdong Nuclear Power Joint Venture Co. was set up in 1985 by China's Guangdong Province and Hong Kong's China Light & Power Co. Most of the electricity is destined for Hong Kong.

The venture is to buy two pressurized water reactors from Framatome, the French nuclear supplier. and two turbine generators from General Electric Co. of Britain.

Dome Rejects Yellowknife Bid

The Associated Press

Dome Petroleum has rejected a 447 million Canadian dollar (\$335 million) offer from Giant Yellowknife Mines Ltd. for its

would have used the shares to block a planned merger by Toronto-based Dome Mines with Placer Development Ltd. of Vancouver and Campbell Red Lake Mines Ltd., a Dome Petroleum unit. Dome Petroleum said it would vote its shares in favor of the merger this week.

NOTE E

CALGARY, Alberta -21.5 percent stake in Dome Mines Ltd.

Giant Yellowknife had offered Dome Petroleum 21.50 dollars a share for its 20.8 million shares in Dome Mines. Giant Yellowknife said

To The Holders of CSWI International Finance N.V.

Interest due on the above Leibentures at May 15, 18e7 was not paid by CSWI Inter-national Finance S V, the Company 5. The Company has now deposited und payment with the undersigned as of May 15, 18e1 under which such Denetitures were issued. Holders of pre-ently outstanding Debentures may now present their coupons for the May 15, 1897 interest payment at any of the following offices and receive the payment provided for therein.

Bankers Trust Company 4 Albany Street New York, New York 19000 Bankers Trust A.G. Dreikoenigstrasse Co Security Department CH-2022 Zurich, Switzerland Bankers Trust Company Dishwood House 69 Old Broad Street London EC2P 2EE

Kredietbank S.A. L 43 Boulevard Royal 2955, Luxembourg

Bolivia Struggles to Turn the Corner

Tough Policies Have Cut Inflation, but Growth Is Elusive By Shirley Christian

New York Times Service LA PAZ — Every month. Bolivia's teachers strike And cocaine, which had been bringing in an amount for a few days because their p ivchecks are late. July : What had been perceived to be strike lasted longer than usual because the teachers

> vowed that it would close schools if there were no of reduced exports. teachers in the classrooms.

wage increases, declared the refineries to be under an external debt of about \$4 billion. ital rules would have a devastating military direction and said everybody who did not return to work the next day would be dismissed.

In addition to taking a tough stand with the labor unions, Mr. Paz. who took office two years ago, has instituted a public-sector wage freeze, ended price controls and allowed the exchange rate to float freely. He also proposed that state-owned companies be

restructured to reduce the size of the public sector and that the tax system be reformed. As a result, inflation, which was running at an annual rate of more than 40,000 percent in August 1985, is expected to total between 13 percent and 20

they added, it appeared that any banks acknowledging this accounting loss on their holdings would not be able to convince domestic tax

While that has he still puts working businessmen and for the state of the sta While that has helped to bring back some capital, it still puts working credit beyond the reach of most

ssmen and farmers. And more people are paying taxes, which most Bolivians say they almost never did before. The government says that tax collections will equal 3.5 percent of the gross national product, or total output of goods and services, this year and 10 percent in three years. But there still are serious problems for the country,

which is ranked as one of Latin America's poorest. port. Natural gas, now the chief export, is bringing in 20 percent.

little revenue because the leading buyer, Argentina, has not paid its bill for a year and a half.

U.S. efforts to attack cocaine processing laboratories. were also demanding pay increases.

The action caused Bolivia to ask the United States
The government of President Victor Paz Estenssoro last year for a \$100 million loan to help defray the cost

Today, Bolivia is looking for ways to resume growth The government took a similar line when petroleum after five negative years. But international bankers are workers went on strike. It said there was no money for not eager to invest more in a country that already has

Flavio Machicado, an economic consultant who served as finance minister in two previous governments, said that Bolivia's longtime economic model, based on tin and state control, was worn out and that the country now had to go through a transition "to a

new kind of mining and to new agriculture." "But the problem," he said, "is how to deal with the social pressure in the meantime, how to feed people

and avoid violence." Bolivia is working with international organizations, including the Inter-American Development Bank and the World Bank, to raise \$1.5 billion for such projects as roads and bridges, oil exploration and the expan-

sion of the mining industry.

As part of the plan, Bolivia intends to sell half of its gold reserves to raise \$100 million, which it would lend to private business to promote exports.

At the same time, the government has developed a two-pronged proposal for dealing with its \$1.1 billion debt to private foreign banks.

The proposal includes an arrangement under which purchasers of debt paper can acquire interests in stateowned companies equal to 50 percent more than the amount they paid for the debt.

Bolivia has also offered to buy back part of its debt The collapse of the international tin market two from the banks at a percentage of face value that has years ago almost wiped out Bolivia's main legal ex- not been announced but is thought to be 15 percent to

U.S. Bonds Perk Up as Congress Acts

prices showed strength last week. and Senate approved a temporary intensified fears of inflation, and a buoyed by weakening oil prices and heavy slate of Treasury financine. expectation among securities dealers and institutional investors that Congress would succeed in extending the government's debt ceiling. After trading closed Friday.

U.S. Consumer Rates Money Market Funds Denoghue's 7-Day Average Homes Marigage, FHLB average

BANQUE NATIONALE DE PARIS

US\$400,000,000 Boating rate notes 1984 due 1995

The rate of interest applicable to the interest period from August 6, 1987 to February 8, 88 as determined by the reference Agent is 75%.

per annum, namely U.S. \$393,96 per bond of US\$10 000,-

those expectations were fulfilled things have been troubling it NEW YORK - U.S. bond when the House of Representatives tensions in the Gulf, which have

> U.S. CREDIT MARKETS debt-limit increase to \$2.35 trillion, which is effective through Sept. 23. By late Friday, the Treasury's 30-year 814 percent bonds were of-

fered at 98 13/32, up 11/32, to lower in Friday's trading on stronvield 8.90 percent.
Uncertainties about the Treager-than-expected July employsury's quarterly refunding, scheduled for next week, had weighed heavily on the bond market.

"Although there were fluctuations today, the bond market has been in a bearish mode most of the week," said Theodore Tung, chief economist of the National City Bank in Cleveland, "Basically two

INYT. UPI

"Many traders are alraid that

yields, especially on long Treasury

bonds, may rise into the refunding

in order to attract the participation

Bond prices, meanwhile, were

ment data released by the Labor

of Japanese investors," he said.

SELECTED ILS A / O.T.C. QUOTATIONS Alan Jones Pit Stop

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Herald Eribune After OPEC's Shift on Output

L.S.-Japan Trade Gap Experted to Keep Risis

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on KLM flights. As part of its inflight service, KLM distributes the International Herald Tribune to its passengers on its flights. So do most other airlines: some 39,000 copies of the IHT are distributed each day in the skies of Europe. Africa, the Middle East, Asia and the Americas. Which is why we have become known as "the inflight newspaper."

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Central Banks Can't Tame Dollar

NEW YORK — Currency traders say that despite attempts by the Federal Reserve and the Bundesbank to hold down the value of the U.S. dollar, central bank intervention is probably futile

given the bullishness for the currency.

Normally when central banks sell dollars anxious traders join in the sell-off. But this past week, the dollar rapidly recovered from each interven-tion by the U.S. and West German central banks, and on Friday it even breached a key resistance level against the Deutsche mark.

Dealers said the modest size of the two central banks' open-market operations suggest they are only concerned at this stage with putting the

brakes on the dollar's speculative surge.

They are trying to slow the dollar's ascent, not turn it around, otherwise they'd have spent more," said John Lynam, vice president of corporate forcign exchange at Security Pacific Corp.

The dollar jumped 4 plennigs in the space of a week to a seven-month high of 1.8930 DM in New York on Tuesday.

And despite sales of dollars for

The second secon

sold dollars during the week. "They're just trying to keep the dollar from running away," said Larry Ryan, foreign exchange manager at European American Bank.

Dealers say they believe the dollar sales — estimated at between \$300 million and \$500 million each by the Fed and Bundesbank - were kicked off by the U.S. central bank on Tuesday, when the dollar rose about 1½ pfennigs.

On Wednesday, the Bundesbank took the unusual step of confirming that it had intervened in the open market to sell dollars. It stepped in again on Thursday. The Fed also sold dollars on Wednesday and Thursday, dealers said. The U.S.

central bank does not comment on intervention. Heightened tension in the Middle East has made would-be sellers nervous. The U.S. currency is viewed as a haven in times of turmoil.

Moreover, positive U.S. economic data, such as the surprisingly strong employment report for July, are forcing even pessimists to reassess their views. "This is the first number I've seen for some

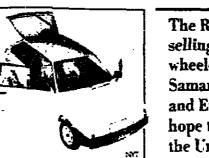
TRADE: Soviets Face Array of Obstacles in Effort to Sell Manufactured Goods in U.S.

(Continued from first finance page) blocks if they are seen as too suc-

cessiul. Since March, imports of the untreated cotton fabric - known as gray goods and used in apparel and upholstery — have been doubling monthly, reaching 8 million square yards (6.4 million square meters) in May, the latest month for which figures are available, according to Carlos F. J. Moore, executive vice president of the American Textile

Manufacturers Institute.

Bowing to pressure from U.S. textile producers, the federal government on July 22 limited imports



square meter), or about half the larger issue is reciprocity. In the rope and the United States by 1990. last 15 years, the United States has going American market price, last 15 years, the United States has They're pricing it at the cost of the cotton content." he said.

Like Soviet Union of about \$20 billion. Russian trade officials not-

"We cannot buy from you, if you

The Russians are selling the fourwheel-drive Samara in Canada and Europe, and hope to market it in the United States.

Manufacturers institute.

Mr. Moore said the product has fice of the U.S. Trade Representative.

Been entering the United States at tive.

Russians are preparing to sell a front-wheel-drive hatchback called the Moskvich 2141 in Western Eu-

The Soviet Union has also recently introduced the Samara - a front-wheel-drive vehicle - in

to increase sales of manufactured global trade organization now goods to the United States reflect the interest of Mikhail S. Gorba-liberalization. Moscow's offer was the Control of the control of the control of trade liberalization. chev, the Soviet leader, in expand-

ing exports to the West in general. In a decentralization move that became effective last Jan. 1, 20 ministries and 70 large state enter-Ministry of Foreign Trade had controlled all such trade.

The Russians are acting "wherever they can find a fit between what they are producing and what U.S. officials see joint ventures is marketable in the West," said a with Western companies as the key State Department official who to future Soviet success in exportmonitors the Soviet economy.

American officials are watching the Soviet trade initiatives with ern manufacturing control and Canada and Western Europe, keen interest. Recently, there have worker incentives that would allow ed during interviews in Washington.

"We cannot buy from you, if you
"We are quite confident that we
which it hopes to sell eventually in
the United States as well.

"We are quite confident that we
convertibility of the ruble. The Sosaid Mr. Vargo. the deputy assis-

Mr. Kozhevnikov said the moves ment on Tarills and Trade, the rejected on the ground that the Soviet economy was not compatible

with the economies of most of the 93 GATT members. "We're looking to see how to fit prises received the right to trade the Soviets in the overall pie of directly with the West. Before, the global trade, but we don't have any the Soviets in the overall pie of answers yet," one American policy-

maker said. in light of the generally poor rating of Soviet products, many

"They would provide the West-

Bundesbank and Fed on several days last week, the dollar closed at 1.8925 DM on Friday in New York, up from 1.8845 DM at Thursday's close and to 6 percent, its lowest less above a resistance less of the control of th	me think again about the aler. In the United States fell level since December 1979, provement in the manufacturing their	mext 12 months to a lillion square yards. One of the Sambitious goals the U.S. car n exports," said Gary will not buy for the Sovet will not buy for the Sambitious goals to the U.S. car n exports," said Gary	the United States as we "We are quite confirment us," said Mr. can mount a successful operation in the United States as we will be used to take a share of 60.000 vehicles after said Mr. Oztemel of States as well be printed by the cars would be prin	ident that we full marketing ited States in correction own prices all of its house three years," latra. The Soiced at about the convertibility of the ruble is obstacle to trade. Last year Moscow jolted West by announcing it was priced at about the convertibility of the ruble is obstacle to trade.	So-said Mr. Vargo, the deputy assistant commerce secretary. "In the absence of joint ventures, the Soviets will never become a world-class exporting country." The Russians are discussing joint-venture proposals with more
NASDAQ National Market OTC Consolidated rocking for week anded friday. Some in 100 High Law Class Core (Continued) And 1 of 100 High Law Class Core (Continued)	Color Colo	OKESMAN OF THE OFFI SING AND LOW CREEK CHANGE STATES AND STATES A	The control of the	Part Part	The component The componen

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May Be Headed for the NHL on its program, but wanted to keep its STOCKHOLM - Igor Dmitriev,

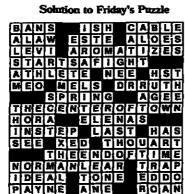
who reportedly will be the next national Soviet ice hockey coach, said Saturday that he would not be surprised if several of his stars are in National Hockey League uniforms as early as next season. The players will get an extra motiva-

tion if they get a chance to play as professionals," said Dmitriev, currently the squad's assistant coach. The team is here to play Sweden in two exhibition matches.

"It wouldn't surprise me if at least 20 Soviet players perform in the NHL in the next couple of seasons," Dmitriev said. "The price will have to be discussed, but money won't be the deciding

matter in such a deal. "The players would be stimulated by this opportunity to become well-paid professionals. And I believe this international exchange will develop ice hockey

In the past, the catch had been that the Soviet Union was willing only to send a top player who would reflect well



PEANUTS

BLONDIE

best players for international competition. Now it seems that Soviet officials are changing their minds.
Victor Tikhonov, who is expected to

retire as coach of the team after the 1988 Winter Olympics, said five of the best players could receive official permission to play in the West following the Games in Calgary. "I know our ministry of sports is considering letting some of our players go abroad," he said.

The five stars reportedly include defensemen Vyacheslav Fetisov and Alexei Kasatonov, and forwards Vladimir Kru-tov, Igor Larionov and Sergei Makarov - the team's top unit of the 1980s. Makarov is the all-time Soviet points leader in games against NHL teams.

Vyacheslav Koloskov, chairman for hockey and soccer on the Soviet Nation-

al Sports Committee, has the final say, according to Werner Persson, a Swede traveling with the Soviet team. Such a policy change could also affect soccer and other sports, such as basket-

playing a series of games in the United States with the NBA's Atlanta Hawks. Several Soviet hockey players have received permission to play in the West in the past, but no national team member has ever played in the NHL. Fetisov was drafted in 1978 by Montreal and in 1983 by New Jersey, Kasatonov also was drafted by New Jersey in

1983. Krutov in 1984 and Larionov in 1985 were both drafted by Vancouver,

while Calgary picked Makarov in 1983. The bockey squad crossed the commercialism line last spring when it became the first Soviet team to sign an individual sponsorship contract. During an exhibition game here, the players wore ads for a Swedish computer company on their jerseys. (AP. UPI)

SPORTS

Several Soviet Hockey Stars Tigers Win, 15-5, Drop Yanks Out of First

DETROIT - Darrell Evans hit two-run home run Sunday to cap a nine-run fourth inning and Alan Vokes also homered as the Detroit ligers routed New York, 15-4, and again knocked the Yankees out of first place again in the American

the Yankees, 35-16. The Toronto pitched the eighth. Blue Jays, who beat the Cleveland Indians, took a half-game lead over land, John Cerutti won his seventh

SUNDAY BASEBALL

the Yankees with the Tigers 11/2 Trammell, Bill Madlock and Matt games behind the Blue Jays. May 17, pitched six innings and runs and eight hits in eight innings. The Tigers got 14 hits off seven

pitchers, with starter Dennis Ras- out four and walked none. mussen being pounded for eight The Tigers won three of the four hits and eight runs in three innings. apolis, Kent Hrbek, Tom Brunames of the series and outscored Rick Cerone, the Yankees' catcher, ansky, Tim Laudner and Garv

Blue Jays 5, Indians 1: In Cleve-

straight decision and Jesse Bar-field, Willie Upshaw and Lloyd League West, less than a percentage Moseby homeged for Toron Moseby homered for Toronto. Ceruiti, 8-2 and undefeated since

Winner Dan Petry gave up four gave up seven hits, including Tommy Hinzo's first major-league homer, in the sixth. Cerutti struck

Twins 7, Athletics 5: In Minne-Gaetti homered in helping sweep a four-game series against Oakland. The Twins began the series in

hits and rookie reliever John Davis got his first major league victory. Davis, called up from the minors July 21, bailed out starter Bud Black after the Red Sox tied at 3 in the third and allowed only four hits

in 6% innings. Giants 3, Reds 2: In the National League, in San Francisco, Mike Krukow held Cincinnati to five hits for 813 innings and Will Clark bo-

point behind the Athletics. They

outscored the Athletics, 34-17, in the

sweep and got their seventh four-

Orioles 5, Rangers 4: In Balti-more, Ray Knight's pinch-single with two out in the ninth drove in

Kevin Seitzer and Steve Balbons

each got three of Kansas City's 17

Royals 8, Red Sox 3: In Bostone

homer game of the season.

the run that beat Texas.

mered to help win the first game of a doubleheader Krukow did not allow a hit until Barry Larkin singled with one out in the sixth, as the Giants won their third straight over the Reds and their seventh straight at home. Krukow struck out seven and

Cubs 6, Mets 3: In New York. Jody Davis homered in the lifth and ended a seventh-inning tie with a single for Chicago.

walked none.

Dwight Gooden, who had won four of his last five decisions, gave up six runs on nine hits in 6½ unnings: Davis, who had given the Cubs a 2-1 lead in the fifth with his homer, fouled off two pitches in an attempt to bunt, then singled to left to score the game-winning run.

Pirates 4, Expos 3: In Pittsburgh, pinch-hitter Andy Van Slyke's tworun homer capped a three-run eighth-inning rally that beat Montreal.

Hammaker 4-Hits Reds as Giants Win

SAN FRANÇISCO — Atlee Hammaker pitched a four-hitter Saturday and Will Clark drove in two runs to help beat Cincinnati, 5and pull the San Francisco Giants to within three games of the first-place Reds in the National

ball, Persson said. Six members of the Soviet basketball team are currently League's West Division. Hammaker gave up only a second-inning single to Tracy Jones and an eighth-inning home run by Eric Davis through eight innings en route to his second complete game this year. Hammaker walked four and struck out five as the Giants won their second straight in the four-game series.

The Reds' manager, Pete Rose, said of his starter, Tom Browning, "He's given up three, four, five runs in the first inning almost every game recently. He's got to give his team a better chance.

Braves 9, Dodgers 7: In Los Angeles, Dale Murphy bomered twice and drove in four runs and Gerald Perry got three hits, one a two-run home run, for Atlanta

SATURDAY BASEBALL

Padres 4, Astros 3: In San Diego, John Kruk homered in the seventh and singled in Tony Gwynn from second with one out in the 10th to

Pirates 5, Expos 2: In Pittsburgh, R.J. Reynolds went 3-for4, ho-mered and had three RBIs against Montreal.

Cardinals 9, Phillies 5: In Philadelphia, Tommy Herr homered, doubled twice, singled and drove in three runs and Tony Pena hit a three-run home run for St. Louis.

Cubs 5, Mets 3: In New York, Dave Martinez and Luis Quinones each got two RBI and Chicago, with 16 hits, ended the Mets' sevengame winning streak. Jay Baller struck out Howard Johnson with the bases loaded to end the seventh

and preserve a one-run lead. Yankees 7, Tigers 0: In the American League, in Detroit, Tom-my John pitched a two-hitter for Dan Pasqua hit a two-run homer to put New York back into first place n the East Division. Indians 3, Blue Jays 1: In Cleve-

land. Tom Candiotti scattered eight hits and Brett Butler scored rwice Red Sox 8, Royals 3: In Boston. rookie Ellis Burks went 3-for-3 with two doubles and a two-run home

run, against Kansas City. Rangers 11. Orioles 5: In Baltimore, Tom O'Malley's three-run homer and Oddibe McDowell's

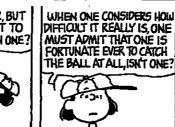
two-run shot helped Texas win. Twins 9, Athletics 2: In Minneapolis, Kirby Puckett went four for four and scored four runs against Oakland in support of Steve Carl-

ton's 329th victory in the majors. Brewers 5, White Sox 3: White Sex 8, Brewers 6: In Chicago, Ron Hassey got three of his team's 13 hits in the second game of a double-header split with Milwaukee.

Mariners 5, Angels 3: In Seattle, my John pitched a two-hitter for Alvin Davis's two-run homer began his first shutout since 1984 and the defeat of California. (UPI, AP)

WORLD STOCKS IN REVIEW / Via Agence France-Presse





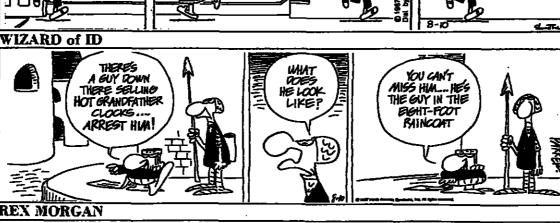


















Amsterdam

The focus on the Amsterdam stock market last week was again on publishing companies, as the outcome of the battle for Kluwer re

mained unclear. The situation was complicated by the an-nouncement of the British publisher Robert Maxwell that he would seek cooperation with Elsevier, a Kluwer bidder. Elsevier's shares

gained 20 percent to 67 guilders. All major stocks were substantially higher

Prices fell over a broad front on Monday on increased tension in the Middle East. On Tuesday, the publishing sector again dominated, and Wednesday saw hectic trading centering on Elsevier and Kluwer. On Thursday, the market was strong, with

the CBS international index rising 3.1 to a record 358.6. On Friday, the trade index reached an all-time high of 457.5.

Market turnover was 7.67 billion guilders for the week, against 5.48 billion the previous Kempen & Co. stockbrokers in Amsterdam

said the short-term outlook is positive, as the dollar shows no signs of weakening.

Frankfurt West German stocks made new gains last week with the Commerzbank index climbing 52.3 points to 2,039, its highest since the start

The dollar's strength, at about 1.90 Deutsche marks, stimulated the eight West German exchanges because of the possible boost it offers to German exports. Most West German blue chip shares enjoyed strong foreign demand. Volume reached 33.8 billion DM, against

24.79 billion the previous week. Auto stocks rose, with Volkswagen up by 9.20 DM, BMW by 11, and Daimler 43. Among electricals, Siemens gained 16.50 DM to close at 711 and AEG 9 DM to 341. The

Linde consumer goods group gained 21 DM to Banks remained strong, notably Deutsche Bank, which gained 53 marks.

Hong Kong

The Hong Kong stock market finished last week on another high, with the Hang Seng Index gaining 38.24 points Friday to close at a record 3,536.19, up 56.95 on the previous week. It was the third record of the week, with dealers apparently keen to buy after the market lost ground Wednesday and Thursday.

Average daily turnover was 2.46 billion Hong Kong dollars, soaring past the previous week's 1.88 billion.

Dealers said the market was in a bullish mood and that the high turnover was likely to continue in the short term.

London

Nervousness about the Middle-East and key economic indicators, notably next Tuesday's trade figures, sent shares sharply down from the outset on the London Stock Exchange last

On Thursday, both Financial Times indexes recorded their worst one-day falls, when the Bank of England gave the signal for a surprise I percent rise in bank base rates, to 10 percent The gloomy mood continued on Friday as

panic selling gripped the market, with some analysts even seeing the start of a free-fall of prices that would end the City's decade-long "bull run" of rising share values.

The Financial Times industrial share index ended down 125.6 points on the week, at

1,726.9, a 6.7 percent fall. Gilts were also sharply affected, after early support was provided by a significant rise in Britain's gold and currency reserves in July. Consumer stocks, banks and insurances were among the worst hit. Oils and mining stocks went into sharp retreat after initial gains prompted by oil and precious metal firmness.

Milan

Milan stocks dived last week, as the crisis in the Gulf coincided with the traditionally slack

buying interest of midsummer.
The Comit index fell 4.36 percent over the week to close at 657.43, its lowest this year. An average of 16 million shares were traded each day, for an average value of 64.5 billion lire, against 62 million shares and 358 billion lire

the previous week. The market has lost around 9 percent of its value in the past seven months, and every sector has been affected. Olivetti closed the week 5.56 percent down;

Fiat ordinary lost 4.49 percent to reach a 1987

low; Montedison, launching a takeover bid for Total-Italie, finished 5.84 percent down.

Middle East developments and a sharp rise. European interest rates last week temporar ily ruined Paris Bourse hopes for an August rally. The CAC index finished the week at 410.4, against 414.7 the previous Friday.

Prices dropped on Monday and Tuesday. but rallied somewhat on Wednesday as Iranian -maneuvers in the Gulf proved incident-free: The tone was better on Thursday, helped by

lower prices on world oil markets and a good Wall Street performance. Observers noted that some foreign investors were beginning to return to the market, and . London brokers expressed optimism about Paris stock prices during the next several weeks. French analysts said that Paris shares

had dropped to attractive levels. Singapore

Singapore shares were strongly supported in a holiday-shortened week by interest from-

overseas and local institutions. Gains were noted in all sectors, sending the Straits Times industrial index to a new high of . 1,464.22, with a gain of 64.24 points for the

Total volume was slightly reduced because of the holiday, reaching 165.9 million shares, valued at 526.9 million Singapore dollars.

Tokyo stocks overcame early setbacks last week to notch up their third consecutive week-ly advance. The 225-issue Nikkei Average gained 312.84 yen to close Friday at 24,800.95.

The market was bearish Monday and Tues-The market was bearish Monday and Tuesday amid fears that tension in the Gulf would cause a further rise in oil prices. But feeling changed Wednesday, as the Gulf situation appeared calmer. Buying strengthened Thursday and Friday, spurred by Thursday's latest record-breaking run on Wall Street.

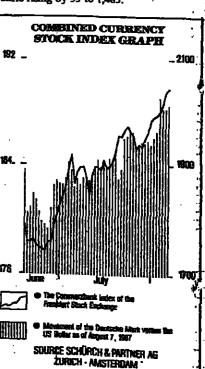
Sony rose to 4,910 yen Friday up from 4,780 a week ago. Nippon Steel rose to 330 yen from 321, civil engineering company Taisei Corp. to 1,070 yen from 999 and engineering company

1,070 yen from 999 and engineering company Kajima to 1,790 yen from 1,640. Many market analysts agreed that the buil trend would continue this week with institu-tional investors, who have tended to stay on the sidelines, expected to come back to the

Zurich The Zurich stock market had another good week, and observers said the trend should, continue in the absence of serious incidents in

The Credit Suisse index closed the week at 592.6, against 583 the previous week, while the Swiss Bank Corp. index closed at 691.2, against 674.8. Both were record highs, and analysts said the Swiss Bank index should easily move

above 700 this week. Bank stocks remained very firm, especially Swiss Bank Corp., which was up 21 to 516. Financial companies did well, with Oerlikon-Bührle rising by 35 to 1,485.





SPORTS



English Soccer Squad Defeats The Rest of the World, 3-0

Two goals by Bryan Robson and one by Norman Whiteside gave start of the league's centenary season and drew players from 16 the English League a 3-0 victory over Diego Maradona (working, above right, against Paul McGrath) and his Rest of the World teammates in a soccer match Saturday at London's Wembley feammates in a soccer match Saturday at London's Wembley scored both goals — one on a controversial fisted shot — in Argentina's 2-1 decision over England in last year's World Cup.

nations. Maradona, who plays for Italian titlist Napoli, was paid £90,000 pounds to appear in England for the first time since he

McCumber, Weibring Tied for PGA Lead

By Thomas Boswell Wushington Post Service

PALM BEACH GARDENS, Florida -Larry Mize, born and raised in Georgia, won the Masters. Scott Simpson, born and raised in California, won the U.S. Open at the Olympic Club in San Francisco. Nick Faldo, born and raised in England, won the British Open. Three majors, three native sons; never happened before.

So guess who's tied for the PGA Championship lead heading into Sunday's final round. The native Floridian in the 150-man field -Mark McCumber. On the omen scale, that's a 10.

"It's true, I play my best in Florida. My brothers and I grew up picking crab grass off the 14th green at Hyde Park in Jacksonville for greens fees. I just feel more comfortable on the courses here," said McCumber, whose 18thhole birdie gave him a 69 and tied him with D.A. Weibring (67) at 4-under-par 212, one stroke ahead of Ray Floyd (73) and Bobby Wadkins (71).

Although a half-dozen players have excellent chances, including Seve Ballesteros (72) and Lanny Wadkins (74) at 214, it is startling to see how much McCumber fits the profile of a winner here. Of his five tour wins in 10 seasons, three have been in Florida, including two at Doral's Blue Monster, the one course on earth that may

most resembles the PGA National Champion course here, a watery, sandy 7,002-yard test. McCumber is in such an unflappable zone that he began this tournament Thursday with a triple-bogey 7. yet never got upset. "Don't know why, I just didn't ... Figured I took a week's worth of medicine on the first hole."

Many here are totally spooked by this 69th PGA's rugged conditions. The rough, says Weibring, is as bad as any he's ever seen. As Ballesteros said of one of his greenside saves, "1 couldn't see the ball, but I knew it was down

there so I just swang."

The greens are hideously bumpy due to a chemical blight. Nobody can make a purt. Weibring's 67 tied the course record, but he might have had who-knows-what if many short birdie putts hadn't rolled like walnuts on a gravel driveway.

But McCumber feels right at home. "I understand these Bermuda greens where the ball may break uphill. I know if you don't hit a putt just right when it's into the grain, it'll bounce straight up in the air. I know that when you chances. "At least now I'll be able to sleep drive it into the rough you don't even think about going for the green. You're lucky if you The most tormented soul by far was Ballescan control a 60-yard wedge shot well enough

to put it back in the fairway."

Few have been able to cope with the vicissitudes of this course. Lanny Wadkins, co-leader with Floyd at the start of play on Saturday (see Scoreboard), began birdie-par-birdie and reached 6-under to lead alone. The next 10 holes he played in 5-over-par, digging himself deep into his infamous funk,

Floyd suffered almost as much. The leader alone at 5-under through six holes, he went from rough to rough for a double bogey on the 222-yard seventh. It took him two hours to recover his momentum, but birdies at the 17th and 18th holes revived his spirits and his



Mark McCumber: Feeling right at home. who would be happy.

teros. He came here vowing to be a loosey-goosey golfer, out for a good time. So after birdies at Nos. 5, 6 and 10 to reach 5-under and the lead, what did the Spaniard do? He went back on his vow to play aggressively and dar-ingly. He pulled out a 2-iron at the 441-yard 16th hole and a 1-iron at the 541-yard 18th. hitting them both into water. Hello double bogey and bogey.

In a summation that instantly made golfing lore, Ballesteros said: "I'm trying to convince myself that I'm a happy man.

As if Ballesteros needed any further aggravation, he was to be paired on Sunday with Lanny Wadkins and Floyd. Floyd, the high-stakes gambler, is renowned for "the look"—a reflection of such self-absorption that he walks right past his own wife. With his fast swing, grumpy temper and cocky air, Wadkins is nobody's favorite last-round partner.

Of all this event's subplots, one of the best is the possibility of a Wadkins-vs.-Wadkins shootout. Lanny Wadkins is headed for golf's hall of fame. Bobby Wadkins has cashed over a million dollars in checks but has never won a tour event. But if he wins here, he'll equal his brother's career total in majors — one PGA.

On such a fascinating scoreboard, the man who's easy to miss is Weibring, simply because he's only won once in 11 seasons on tour and is visibly hung up on shaking his Never On Sunday tag. "I've been around. I welcome the challenge," said Weibring, who probably had the week's best ball-striking round on Saturday, hitting every fairway and never making a bogey.

"I've reached a lot of the goals I've set in golf and in my life. But I keep getting it thrown back in my face that all I've ever won is the Quad Cities Open. I understand that. But I want to change it," added Weibring, a sports psychology aficionado whose mantra for the week is: Be as menually engaged, yet as physically relaxed as possible."

All around McCumber are men on quests The Wadkins brothers. The driven Floyd who wants badly to make the Ryder Cup team. The frustrated Weibring who wants to vindicate his competitive heart. And Ballesteros, the man

SCOREBOARD

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Baseball

Friday's and Saturday's Major League Line Scores Owen; Hurst, Schiroldi (5) and Morzone, W—. Hurst, 13-6, L—Gubicza, 13-6, HR—Boston,

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	839 481 98;4 \$ 12 8	New York		822 186 662-	7 2 A
Rhoden, Hudson	n (6) and Cerone; Rabinson	Detroit			
and States W. D.	obinson, 8-5. L-Rhoden, 14-				
But somer stand	ODMISON O-S. L—KNOGEN, 14-	John and Cer	one; Kin	g, Thurmond	(5) and
7. HRSDetroit,	Bergman (6), Marrison (1).	Nokes.W-Johr	1.33-4 Ĺ-	-King. S.S. H Re	
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		Mattingly (19).			
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Mohorcic (8) and	Stanley; Dixon, Williamson	Milwaskee		101 002 000-	
(9) and Kennedy.	W-Divon S.E. Kilonia 1-	Colores	·	10. 000 000	

fo, Hirbek (26) 500 991 210 3—7 19 1 101 900 200 6—4 12 1 Knudson, Clear (7), Plesoc (10) and Schroe-der, Surhoff (10); LaPoint, Thispen (7), Searre (16), Winn (10). W ear. 6-5. L.—This

ope (18), Winn (10). W—Clear, 6-5. L—Thispen, 3-1. Sv—Plexac (21). HR3—Milwaukee, Deer 2 (24), Sveum (15). Celifornia 908 404 12e—14 12 6 AcCoskill, Lucas (6) and Boner J. Langston and S. Bradley. W—Longston, 12-9. L—McCoskill, 2-4. HR3—Seattle, Phelos 2 (17), PBradley

NATIONAL LEAGUE

New York B11 621 20x-7 12 1
Sutcliffe, Lynch (7) and Dovis; Darling and
Corter, W-Darling, 8-7, L-Sutcliffe, 15-5,
Hrs-Chicago, Sandberg (13), New York,
Sankana (5), Carter (14), 610 063 661-- 5 14 0 430 500 B2n-15 15 0 Philipdelphile 439 508 82s—13 19 0 Mograne, Tunnelli (2), Perry (4), Dawley (6), Daylendo (8) and Peno, Lake (4); Rowley, Tekulve (8), Sedrosion (9) and Perrish, Dauline (9), W-Rowley, 14-5, L-Magrane, 6-1, HRs—St. Lauls, Marris (2). Philipdelphilo,

Adontreal 800 221 800—3 7 1
Pittsburgh 940 910 64x 9 13 6
Sebro, McGaffigon (5), McClure (7), St.
Claire (8) and Reed; Walk, Gideon (7) and
Layaffere, W—Walk, J-1, L—Sebra, 6-12, 5v—

Gidgon (3), HRs—Montreol, Roines (12), Go-loroge (10). lofroga (10).
Clicionati 100 000 906—1 5 0
Sas, Francisco 900 112 906—3 6 1
Guillickson, Williams (9) and Diazz Locosa
and Braniv, W—LoCosa, 10-6. L—Guillickson,
10-7, HRS—Son Francisco, Clark (22), Mitch-

Welch, 10-7, HRs—Attento, Perry (7), Thomas (5)...Los Angeles—Shelby (16).

SATURDAY'S RESULTS 900 001 500—7 101 100 00x—3 Nunez Musselmon (3), Eichhorn (7). Henka 5) and Whitt: Condictt and Alterson. W-andictti, 5-11. L—Nunez. 1-1. HR—Toronta.

Major League Standings AMERICAN LEAGUE

SI. Louis New York Ayarredi Calesso Philodelphia

San Fra

44 45 595 45 45 591 10
42 45 599 2
57 52 521 8
52 57 477 13
49 61 445 1645
41 69 373 2475 L Pet. GB

60 52 536 —
56 55 505 3½
56 54 507 3
53 56 A86 5½
54 56 A87 5
52 56 A87 6
44 64 A87 ¼ **CFL** Standings

67 42 .615 —
63 47 .573 449
61 48 .549 6
56 54 .599 111/2
54 25 .495 13
49 67 .445 181/2 Brit Clmb Edmonton Saskatahwa Calsary GB Saturday's Result son (6) and S.Brodley. W-Morgon, 10-11, L- PGA Championship Witt, 13-E. Sv-Wilkinson (5), HRs-Collior-

Writ, 13-6. Sv.—Wilkinson (5). HRs—Colliornic, Joyner (24). Secritic. ADovis (16).

NATIONAL LEAGUE
Allonta 800 239 480—9 15 9
Los Abgeles 808 882 614—7 13 2
Polmer, Acker (6). Gorber (9) and Virgeli;
Hershiser, Howell (6). Honeycurt (7), Holton
(8) and Sciscia. W—Polmer, 4-9. L—Hershiser, 12-10. HRs—Alloma, Perry (8), Murphy 2 (32). Los Angeles, Hotcher (7), Marshall
(13), Landreoux (5).
Clacinaeli 900 900 811—2 4 1 (13), Landreoux (5).
Clacinage:
See see see see see 4 p
Browning, Monteumery (7) and Diaz; Hammoker and Brenty, W—Hammoker, 7-8. L—
Browning, Monteumery (7) and Diaz; Hammoker and Brenty, W—Hammoker, 7-8. L—
Browning, See Ham—Clacinagei, E.Dovis (31).
John Cook

Thispen (4), HRS—Milrougus, scarosas, 177.
Chlcope, Colderon (17).
Texas 129 903 939—11 to 0
Settimere 818 981 111— 5 11 2
Palledelphia 801 930—5 11 1
Cox. Norton (5), Worrell (7), Dayley (9) and Bothy Cole 11
Peng; Carmon, Hume (5), Colhoun (6), Rij. Golden, Hume (7), Tekufve (9) and Partille (7), Heas Tom Kite (7), Heas (7), Hills—5t. Louis, Peng. Millings (2), His—Texas, Sierre (22), McDowell (11), O'Molley (1), Belliumore, Sheet's 2 (22), Mason, DiPine (6), Beller (7), Smith (8) and Swidders's Schutze, Innis (4), Myers (5), Sisk Roper Multible (7); Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Lepne (8) and Tellifeton; Schutze, 190 and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), Crosco (9) and Carter, W—Moson,4-1, L—Mork Acciluty Hol Suttlen (7), C

Transition

AMORICALL AMORICA LESPE CLEVELAND—Pleced Receie Rith pitcher, on the 21-day disabled list, Activista Julio Franco, shortstep, from the disabled BASEBALL National Leasue

ler (9) and La

LOS ANGELES—Pieced Brod Hovens, pitcher, on the 15-day disabled list. Recoiled Shown Hillegos, pitcher, from Albuquerque of the Pocific Coast Lesgue.
PITTSBURGH—Traded Jim Morrison. d baseman, to Detroit for Darnell Coles. hird basemon, and a player to be named later.

SAN FRANCISCO—Activated Candy Maldanado, outfielder, from the 21-day disabled

ier, to Phoenix of the Pacific Coast BASKETBALL National Basket Ball Association
PHOENIX—Announced a modification on
the June 21 trade with Defrait involving can
ter William Bedford; Phoesix will receive the
Pistons' first-round pick in 1986 instead of in

list, Optioned Randy Kutcher, infl

FOOTBALL POOTBALL
Canadian Football League
CALGARY—Released Brion Beary, offensive lineman, and Garret Doll, linebacker.
OTTAWA—Released Craig Shaffer, linebocker.
WINNIPEG—Released Brad Taylor, quar-terback, from the reserve list.

National Factball League
BUFFALO—Signed Martin Bayless
HOUSTON—Signed Karl Saldischw fensive lockle. NEW ORLEANS—Waived Tim Healy, of-lensive Sockle, and Vincent Joseff, guard. N.Y. JETS—Signed Dennis Bilgen, running

bock.
PHILADELPHIA—Troded Leenard Mitch-ell right tockle, to Atlanta for a fourth-round droft pick in 1998. Signed Mike Signo, wide receiver: Greep Carrity, wide receiver, and large Embers, contact. Jerry Feehery, center, PITTSBURGH—Walved Mike Monchil.

punter.
SEATTLE—Released Tom McCarthy,
sunter: James Wittlams ruming back; Fred
Davis, Connerback; James Bowers, salety;
Ken Strondley, placekicker; and Henry Harris, nose tockle. TAMPA BAY—Signed Jeff Dovis, inside

COLLEGE CASE WESTERN RESERVE-Corol Dugan women's baskefeel coach, as-sistent frack coach and physical education instructor.
COLORADO—Nomed Tim Loveliee ski

Football

W L T PF PA Pls
5 1 0 206 154 10
4 2 1 201 181 9
3 3 0 181 177 4
2 3 0 110 158 4 TO DIVISION
W L T PF PA PIS

CORNELL (JOWA)-Added the position of factball coach to the duties of Steve Miller, basketball coach and athletic alrector. GEORGIA TECH-Announced it is drop-KUTZTOWN-Chris Medilin, Incresse con-

Point Standings: Bayern Munich, Worder Print Secusion Mönchenbiodoch 4: Nurremberg, Cologne, Baver Leverkusen, Shuttgorf 3; Hannover, Bochenn Woldhof Monnielm, Homburg 2; Kohenn Woldhof Monnielm, Homburg, Eintrocht Frankfurt, Karisruba 1: Bover Lerdingen, Borussia Darhmand, Scholke 6

FRENCH FIRST DI
Montheliter 2. Moneco 1
Lens 1, Bordsoux 0
Poris-SG 0. Brest 0
Toulouse 1, Niori 0
Nontes 1, Morto 0
Niore 2. Signi-Effenne 2
Motz 2. Laval 1
Auxerre 2. Life 1
Le Hovre 2, Cannes 2
Le Hovre 2, Cannes 2

FRENCH FIRST DIVISION

Toulon, Motra RC Paris, Auxerre, Nice. Connes, Nortes, Soint-Ellenne 4; Lovol, Le Havre, Marselle, Lens, Niert 3; Brest 2.

Tennis

MENS TOURNAMENTS (Ar (Chroschel, Austrie)
Querterfinats
Miloslav Mecir (1), Crecheslovalvia, def.
Ronald Agener, Haftl, 6-4, 6-4.
Dorren Cohili, Australia, def. Rickl Osteribus, West Germany, 6-3, 1-6, 7-5.
Emilio Sanchez (2), Spain, def. Pablo Ar-

Tore Moinecke, West Germany, def. Gull-lermo Perci-Raldan (4), Argentino, 1-6, 6-2, 6-4. Semiflacis

Mecir **de**t. Çahlil, 6-1, 6-2. Sanchez del. Melnecke, 42, 42. Sanchez del, Mecir, 6-4, 6-1, 4-6, 6-1

(At Strettes Moustain, Verment) Quarierfinois Andre Agossi, U.S., del. Joev Rive, U.S., 6-4, John McEnroe (4), U.S., del. Brad Gilbert Christo von Rensburg (15), South Africa,

def. Danie Vister, South Africa, 6-2, 6-1 tvon Lengt (1), Czechoslovakia, def. Kaliv Jones, U.S., 6-3, 6-1. Semifi Lendi del. Agossi, 6-2, 5-7, 6-3.

68-74-71-2T

78-70-71--219 72-40-78--219 73-72-74--219 73-74-73--220 71-72-77--220

76-70-76-222 71-77-74-222 71-70-81-222 75-75-75-222 72-75-73-222 70-76-73-222 73-73-77-223

73-73-77-223

74-75-75--224 77-72-77--224

78-73-76—227 79-72-76—227

Golf

MIAM! (FLA.)—Named Danie! Chu, David Wolff and Gary Tuell assistant basketball assebbli cooch, resigned to become an Buddy Gan anti athletic director. Named Ray Tan- Bob Belley atta athletic director. ST. LOUIS—Named Frank Marmina base-VILLANOVA—Nomed Steve Loopes essis-

European Soccer

WEST GERMAN FIRST DIVISION dhef Mannheim 1, Berussia Derimuni gne 2, Kalseriautera 1 bum 1, Elafrocht Frankfart 0 emberg 0, Stuffsort 0 Mannheimsteinheit 2 Bouer Lavrillee

Auto Racing

HUNGARIAN BRAND PRIX (At Bodgest)

1. Neison Piquet, Brogil, Williams. 1 hour.
ur 59 mins. 26.793 accs.; gverage speed 15139 kph (95314 mph),

2. Ayrton Sennis, Brozil, Latus, 2:00:04.520 4. Thierry Boutsen, Belgium, Benetton, 1 5. Riccordo Potrese, Holy, Brobham, 1 jap

4. Derek Worwick, Britain, Arrows, 2 lass 7. Jonathan Paimer, Britain, Tyrrell, 2 lass 9. Eddle Cheever, U.S. Arrows, 2 lass 9. Phillippe Streiff, France, Tyrrell, 2 lass DRIVER STANDINGS

2. Ayrian Serra, Brazil, Laha, 41 2. Ayrian Serra, Brazil, Laha, 41 3. Nigel Mansell, Britain, Williams, and ain Prost, Franco, McLaren, 30 5. Stelon Johansson, Swaden, McLaren, 19 6. Gerhard Beroer, Austria, Ferrari, 9 Alain Prost, France, McLeiren, 30
5. Stelon Johansson, Sweden, McLeiren, 19
6. Gerhard Beroer, Austria, Ferrert, 9
7. Mitchie Athoreto, Italy, Ferrert, 8
8. Satoru Nakajima, Jepan, Loha, 6
9. Thierry Boutsen, Belgium, Benetion, 5
10. Andrea de Cesoria, hoty, Brabham; Eddie Chaever, U.S., Artows; Jonathan Polimer, Britain, Tyrrell, and Phillippe Streiff, France, 14. Derek Worwick, Britain, Arrays, 1, and

Hut-Hut: U.S. Football Rules at Wembley A year ago, in the first edition Among the thousands of of the NFL-promoted "American

WEMBLEY, England - In a National Football League exhibition game played on one of socning back Charles White stumbled into the end zone from four yards out with 28 seconds to play Sunday night and gave the Los Angeles Rams a 28-27 victory over the Denver Broncos.

The National Football League exhibition game, televised live in the United States, featured all the razzmatazz associated with a sport called gridiron football here.

There were hamburger stands and hot dog stands, steel bands and jazz bands; on sale were Twere cheerleaders, popcorn, na- than a exhibition game.

Americans in the crowd were Rick Olvera and his wife, who have lived in Britain for a year with their two children and could not wait to see their beloved Broncos. "We lived in Denver all our lives before coming here," said Judy Olvera. "This is something so special. The Broncos in Britain — I can't believe it."

A near-capacity crowd of 72,786 — some 11,000 more than came to Wembley Stadium on Saturday for an international all-star soccer match - made England's national sports arena ring with cheers for a game with an intensity shirts and flags and hats. There more like that of a playoff contest

Bowl," spectators had chanted "boring, boring" toward the end of a 17-6 victory by the Chicago for boredom. University marching band when

Bears over the Dallas Cowboys. This year, neither team left time The loudest boos of the chilly, overcast summer evening were re-served for the Colorado State

it struck up a halftime rendition of "Don't Cry For Me, Argentina." It may have been a hit in the musical "Évita," but it did not go down well with the fans in a country that fought Argentina in the Falkland Islands war.

On Saturday, Diego Maradona of Argentina, soccer's biggest

the ball in the all-star game. But the stars got only cheers

And when the stars sat down. the second- and third-string players stepped up the tempo.

White took a swing pass 12 yards to the Denver nine as the third quarter ended, then ran through a huge hole off right tackle for his first score on the

first play of the final period. As the English fans did the wave" and yelled for the Rams' cheerleading squad, the Broncos stormed back, going 82 yards in Il plays to reclaim the lead, 20-14, on Gary Kubiak's 13-yard pass to Mark Jackson in the midst of three Ram defenders.

NFL Faces Big Questions Before Testing for AIDS

By Robert E. Stein

New York Times Service NEW YORK - A number of teams in the National Football the first positive test: League have announced plans for voluntary testing for the AIDS virus. The players generally think it is a good idea. But AIDS researchers, arguing that players are far more likely to die from a head injury than from AIDS contracted on the playing field, say that the testing will set AIDS education back to the

dark ages. Time out. Before the battle lines are drawn in yet another area of AIDS policy, we need to step back and ask important questions.

Testing for acquired immune deficiency syndrome in football is but the latest in a series of similar calls for testing in the United States. But with Congress now holding hearings on a variety of bills dealing with testing and the related issues of con-fidentiality and discrimination, the issue of AIDS testing among professional athletes has taken on added importance. Given that the Washington Redskins attract more attention in the capital - even among members of Congress - than do most congressional hearings, such mits to nationals of the other countesting is bound to get more recogni-

tion than other types. It is true that contact sports not only football, but bockey, soc. and many Americans play in the cer and boxing as well - result in Canadian Football League. spilled blood. It also is true that approtected exchanges of blood have in a few cases resulted in reason: It is. And, too often, policies health workers' developing the are enacted before the implications AIDS virus (called the human im- are thought through. If the issue is munodeliciency virus, or HIV). Since AIDS is a deadly disease, teams, it certainly will be raised concern about minimizing these soon by college and even high school teams, in addition to the many other

risks is appropriate. any testing policy should be to retact with blood that is HIV-positive. That can be accomplished in large part through better infection control — wearing gloves to clean up bloody clothing, for example, or providing for more changes of T-

shirts if they get bloody. Where blood can be spilled, peo-

ple in sports should assume, as hospital workers and other medical and enforcement personnel are increasingly doing that everyone is dangers of AIDS and how it is and HIV-positive. This will help stem is not transmitted? transmission of a number of infectious diseases. including hepatitis. Will voluntary testing really reduce that risk further? A single neg-

ative test means only that at least

six to eight weeks earlier the indi-

vidual did not have the AIDS anti-

present some thorny questions that a team, like any other organization, should think through well ahead of

 How will confidentiality really be maintained? Certainly, a statement by an official of the Dallas Cowboys that there had been no positive tests was a poor start. A policy would have to begin from the premise that no results would be released. Test results should not be part of the weekly injury report.

 What action does a team take when a player tests positive? Antidiscrimination laws in many states prevent a team from firing a player solely for testing HIV-positive, unless it could be demonstrated that his condition makes him unfit for work. If he is fired, would that conflict with his right to confidentiality?

 Could players refuse to practice or play with a teammate whom management knows is HIV-positive? And: Could a team require assurance that all members of the opposing team have tested negative before a game or scrimmage? tests for visitors. What if Canada or the United States refused work per-

Hockey and baseball leagues have teams on both sides of the border. if these considerations make the issue sound complicated, there is a being considered today by pro

Therefore, the primary aim of areas being considered by Congress. Well known athletes have died of duce the danger, however small, to players and training staff from conselves tested. That is different from team policy.

Testing is drawing athletes into thinking about AIDS policy issues. Given that, and their status as role models for many people, they have a chance to set an example that goes beyond testing themselves. Why don't pro athletes do public service ads with their teammates or families, advising teen-agers on the

If testing of pro athletes awakens Congress and the public to the implications of AIDS testing, then the idea can have some merit after all.

(Robert Stein is president of Environmental Mediation International, a group advising business and govern-

SPORTS BRIEFS

Piquet Wins 2d Straight Grand Prix

BUDAPEST (UPI) - Brazilian Nelson Piquet benefited from teammate Nigel Mansell's misfortune to win the Hungarian Grand Prix Sundayand strengthen his lead in the Formula One driver championship

standings. Mansell of Britain, starting from the pole position, led for 70 of the 76 laps in his Williams. But he was forced to withdraw because of a lost-rear wheel nut while holding a 13-second lead, and Piquet moved to the front to score his second consecutive Grand Prix victory. He won the West

German Grand Prix two weeks ago, also thanks to late retirements.

Piquet completed the 189.5 mile (305.06-kilometer) race in 1 hour, 59 minutes, 26.793 seconds — an average of 95.314 mph. Ayrton Senna of Brazil, finished second in a Lotus nearly 40 seconds behind, and defending world champion Alain Prost of France was third in a McLaren. Piquet, seeking his third championship, has 48 points after nine of the

season's 16 races. Senna is second with 41. Mansell and Prost are tied for

Bulgarian Woman Sets Hurdles Mark DRAMA, Greece (UPI) — Ginka Zagorcheva of Bulgaria set a world record in the women's 100-meter hurdles by clocking 12.25 seconds at a track and field meet among Greece, Bulgaria and Czechoslovakia here

The previous mark of 12.26 had been set by Bulgarian Yordanka Donkova last September.

Rojas Takes WBC Crown From Laciar

MIAMI (UPI) - Sugar Baby Rojas of Colombia took the World Boxing Council junior bantamweight title from Argentine Santos Laciar here Saturday night with a unanimous 12-round decision.

Rojas, 30-1 lifetime, opened a cut over Laciar's left eye in the first round; both men were cut in the 10th, when Laciar was knocked down twice. Laciar, who dropped to 65-7-11, had won the title from Gilberto Roman of Mexico in May.

Java Gold Overtakes Gulch in Whitney

SARATOGA SPRINGS, New York (AP) - Java Gold, ridden by Pat Day, beat Guich by three-quarters of a length Saturday to become the first 3-year-old since Alydar in 1978 to win the \$288,500 Whitney

Handicap at Saratoga Race Course.

Gulch, who raced as an entry in the wagering with Gorky, appeared to be an easy winner in midstretch, but was caught by Java Gold's late rush. Gulch finished 24 lengths ahead of favored Broad Brush; the order of finish was completed by Gone West, Lac Ouimet, Seldom Seen Sue and

The victory was the fourth in five starts this year for the Rokeby Stable colt, a son of Key to the Mint-Javamine. He carried 113 pounds (51.2 kilograms) over the fast 14-mile (1.810-meter) course in 1:48-4/5. Trainer MacKenzie Miller said Java Gold would run in the Travers Stakes on

Appeals Court Gives McLain Reprieve

ATLANTA (AP) - A three-judge federal appeals court has unanimously thrown out the racketeering conviction of Denny McLain, baseball's last 30-game winner.

McLain was sentenced in March 1985 to serve 23 years for racketeering, extortion, conspiracy and possession of cocaine with intent to The 11th Circuit Court of Appeals threw out those convictions late Friday, ruling that Judge Elizabeth Kovachevich had rushed defense

attorneys and unfairly allowed prosecutors to question the integrity of defense counsel. McLain's attorney said he would request that bail be set on Monday. The U.S. attorney's office in Tampa said it will review the ruling before deciding whether to appeal or seek a new trial.

McLain's best year in the majors was 1968, when he was 31-6 with a 1.98 carned-run average for Detroit. He won the Cy Young award as the body. And voluntary testing can ment on AIDS-related policy issues.) American League's top pitcher and the Tigers won the World Series.

Dutch Family Life on a Rhine Barge

ABOARD THE LEONTINE export to South America.

The only constant is the daughters play at his feet as he and the river.

beds and clears away the laundry before joining her husband and daughters in the small, glass-enclosed captain's bridge for lunch.

Breakfast, lunch or dinner, the young Dutch family can be found on the bridge, keeping the Leon-separated from his family. time steadily on course for West

Germany. "On shore, family life revolves around the living room," Willy Kreusch, 30, says, his eyes never leaving the river. "Our life takes

tine is a year-round office, house and playground. And like the thousands of other Dutch ships that dominate commercial traffic on the Rhine river, the barge has all the touches of home. The lace curtains and potted plants at the windows. A swing set for the children is perched behind the bridge, and tricycles and other toys litter the oversized, outdoor playpen where the girls amuse themselves as the barge chugs up-stream at a speed of 12 kilometers (7.5 miles) an hour.

At the front of the barge, small bachelors' quarters provide hous-

family and crew. It is also a cru- not grow up isolated. cial link between the economic heartland of western Europe and overseas markets.

are the main means of carrying the chemical plants, power stations and steel mills that line the Rhine

West German mixed-feed proterdam, where the cargo is trans- ly Kreusch said.

By Ronald van de Krol ferred to an oceangoing vessel for The only constant is the barge,

maneuvers the barge and its 3,000-ton load of Brazilian iron this route in my sleep," said Willy ore around a wide bend in the Kreusch, a third-generation barge operator who, like his wife, grew In the living quarters below, up aboard a Rhine barge. "I'm Ginny Kreusch, 29, makes the like a commuter who knows every traffic light between home and the office by heart."

But unlike the average office worker - or even the average West German or Swiss barge captain - Willy Kreusch is never

While the presence of families aboard West German and Swiss barges has become relatively rare around the kitchen or maybe over the years, Dutch barge families continue to flourish, helped by an extensive range of government and private services.

place around the ship's controls.

To Willy and Ginny Kreusch when their children start school, "Some women move on shore and the two 3-year-olds. Carola and they then only see their husbands once or twice a month." Mrs. Kreusch said. "But in many cases, the arrangement just doesn't work and they end up coming back on board." When the twins turn 6, they will

leave the barge and move to one of 26 special boarding houses for shippers' children that have been set up in and around the Netherlands' main port cities.

Along with the nearly 3,000 other Dutch "barge children," they will attend school during the week and then rejoin their parents for the weekend somewhere along the Rhine.

The Kreuschs, who left their ing for the Kreuschs' two crew-men. parents' barges for boarding schools as young children, said But the barge is not only a schooling on shore was essential floating home for the Kreusch to ensure that their daughters do

"We try to go to a playground whenever we're moored somewhere so that they can learn to get Dutch barges like the Leontine along with other kids," said Mrs. Kreusch. "But it's not the same as raw materials from Rotterdam to playing outside on your own like other children."

The relative isolation of "barge thine, children" is apparent when they One week, the Kreuschs take start school. "In their first year, U.S. soybeans up the Rhine to a they tend to get all the common childhood diseases, one after the cesser. The next, they bring slabs other, because they just haven't of West German steel or tons of built up the same resistance to Swiss plastic downstream to Rot-illness that other kids have," Wil-



The Kreuschs on their barge, the Leoutine.

Modern communications have helped break down the isolation that used to be the lot of barge families. Ship-to-shore radio now and friends, while television and video-recorders bring popular culture into their living quarters.

Many barge operators now also

carry a small car on board so they

can tour West Germany or Switzerland while the family is awaiting fresh cargo. But there are still daily incon-veniences. "It's frustrating not knowing whether you'll be back

in Rotterdam in time for a doctor's appointment for the children that you made three months earli-Mrs. Kreusch said. In the West German city of Duisburg - the Kreuschs' destination on this trip -an enterpris-

ing doctor has started a special clinic to serve barge operators and their families. Moving from barge to barge by boat, the West German doctor, who has taught himself to speak Dutch, inoculates the children, does routine examinations and

handles non-emergency cases. Back in Rotterdam, a floating meeting-house called the "Zwarte Zwaan (Black Swan) provides kindergarten classes, a library, laundry, restaurant and other fa-

cilities for nomadic Dutch barge operators and their families. For the Kreuschs, the day's

journey began at 6 A.M. in Rot-terdam and will end at about 8 P.M. near the West German border. At dawn, they will continue their trip to Duisburg, unload the cargo and wait for their shipping agents to find a load of gravel coal or steel for them to take back to the Netherlands.

On average, the Kreuschs are on the move 14 hours per day, three days a week. The rest of the time is spent waiting for a new cargo or doing maintenance work on the Leontine.

The family specializes in transporting goods on the lower Rhine between Rotterdam and the Ruhr, the busiest stretch of the river. About 200,000 ship-crossings are recorded at the Dutch-German border every year.
Of the more than 10,000 freight

ships that ply the inland water-ways of Western Europe, 6,000 are Dutch. Dutch barges carry 95 million tons of freight to Belgium, France, West Germany and Switzerland every year, accounting for half of all cross-border shipping volume within western Europe. Of the Dutch ships, 5,000 are

Ronald van de Krol is a journal owned and operated by indepen- ist based in The Netherlands.

ACCESS VOYAGES

New York Son Francis

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said Mrs. Kreusch.

dent captains like Willy Kreusch

built at a cost of three million

guilders when they were married

in 1981. Two years ago the

Kreuschs bought a 70-meter (230-

foot) push-barge which they've

attached to the front of the 90-

meter-long Leontine to increase their shipping and earning capaci-

Kreusch said he earns a decent

living from the barge but needs to work long hours to keep the Leon-

tine in motion as much as possi-

ble: "When you're an indepen-dent, you can't afford to let the

barge lie idle." In a good year, a

barge of the Leontine's size can

post a turnover of 700,000 guil-

Apart from their honeymoon

- which they spent on the Mo-selle River in West Germany -

the Kreuschs have never had a

proper vacation. But next month

they intend to take a week-long

break in a rented cottage in south-

ern Holland. "Living in a house

and having friends to play with

will be a real treat for the girls,"

ders (about \$330.000).

The Kreuschs had the Leontine

LANGUAGE

Head Over Googols in Zero Options

By Alan W. Powers

HE U.S. budget and the national debt are both A getting higher than most of us can count. Rather than appear to be baffled by what is after a trillion. Congress wants to reduce the numbers. But just in case it does not succeed, we had better all gain a passing familiarity with macronumeration.

Anybody looking for a basic vocabulary for large numbers had better have a sense of humor. Ask friends what lies above a trillion. A zillion? they say. A skillion? But even if you ask a dictionary, what you

find will not be comforting.

Take, for instance, the term that has recently made headlines: trillion. To define it, even the American Heritage Dictionary of the English Language resorts to a non sequitur:

trillion: 1. The cardinal number represented by 1 followed by 12 zeros, usually written 1012. Called in

British usage "billion."

So the British call a trillion a billion. They call the U.S. billion a thousand million. Of course, an attempt to define the word more explicitly can result in a tangle such as the one found in the Random House

Dictionary of the English Language:
trillion: 1. a cardinal number represented, in the U.S. and France, by one followed by 12 zeros, and, in Great Britain and Germany, by one followed by 18 zeros.
This international discrepancy provides an open invitation for political exploitation, and I stand frankly amazed that the U.S. administration has not used it to its advantage. What could be simpler than an international conference on computing large num-bers? The American delegates would come home and inform the president that there is good news: The U.S. national debt is fine, the budget is fine. Neither has surpassed a trillion, although both have just now reached a billion. We were just counting wrong all along It is in keeping with such brilliant recomputings as the 1983 adjustment in the U.S. national employment figures to include the military.

Until such an opportune conference, the United States and France agree that a thousand millions are enough for a billion; the British and Germans wait for a million millions. For a trillion, the United States likes a thousand billions (U.S), while the British again wait until a billion U.S. billions accumulate. This natural cantion serves them well. They are not in danger of running out of names for the dollars in the U.S. budgets. Wasn't it Senator Dirksen who said, "A billion here, a billion there, and pretty soon you're talking real money"? We can paraphrase this: A billion here, a billion there, and pretty soon we're talking a real, British billion.

KETURNING to the question with which we began, what does come after a trillion? The correct answer is a "quadrillion." By now we are able to define it ourselves: a cardinal number represented by 1 with 15 zeros in France and United States, 1 with 24 zeros in Britain and Germany. After quadrillion come quintillion, sextillion, sextillion, cetillion — and nonlilion, which has 30 zeros in the United States and France, and no less than 54 zeros in Britain and Germany.

Perhaps it was partly this international discrepancy that led the American mathematician Edward Kasner this column to coin the term "googol" for 10100, or 1 followed by on vacation.

100 zeros. His was "farciful coinage." according to the Random House Dictionary.

Not only should we standardize the terms for large number. numbers, but we should also agree in the United numbers, but we should also agree for the numbers States anyway, on the terminology for the numbers between a nonlilion and a googol. The real names are obscure at hearing and a googol. obscure at best if not downright impossible (How

does quattuordecillion strike you?) Why not use the natural answer, the one already on the lips of many native speakers: a "zillion." Then, maybe we can borrow the French teen numbers for 11 on: onzillion, douzillion, treizillion, quatorzillion, and so on. With this French array, we can perhaps could the grains of sand on the East Coast, the stars in the favorite colors of the stars in the favorite colors. favorite galaxy and the U.S. budget for fiscal 2087.

PROBLEMS of scale pervade modern life, from parts-per-million in pollution measurement to populations of gypsy moths, from the space between sub-atomic particles to the size of the supernova in the constellation Control constellation Cepheus.

For most of us, it is difficult to conceive of anything beyond a hundred thousand, or if we really concentrate, a million. A million seems to be our 20th-century standard for bigness: a million miles, a million light-years, and of course the old standby, a millionaire. We have not replaced this last one yet, although a million sire now is arguably in need of a very strict budget.
Still, a billionaire does not have the same universal application, parily because in Britain a billionaing must have the entire U.S. budget. No one does; there are no British billionaires.

A million is a lot, it is mega, at least according to the way the Massachusetts lottery defines its million-dollar prize — "Megabucks." But for the Greeks, with whom we lift the prefix, mega evidently had no specific numerical meaning. They used it to mean "great or large," as in megalodendros, full of large trees, Some times it held the connotation of "exaggerated," as in megaligoros, talking big, vaunting or boastful.

In most of contemporary American usage, mega has the same vague suggestiveness, the same indeterminately it held for the Athenians.

Within this decade, we have seen a Greco-Roman competition for the language of large scale: "to the max," from the Latin "most large," versus mega. Max has achieved widespread usage in advertising—"maximade". ipads" and even the oxymoronic "maxithins"; hower er, mega, as in "megablockbuster," is preferred by the

Although mega is as vague for us as for the ancient Greeks, it carries the suggestion of precision, perhaps because it has the ring of authority: a "megaton" bomb, or a "megadose" of some pharmaceutical. This may be the perfect combination of precision and suggestive indeterminacy that we need in our new macronumerals. A simple "megazillion" can mark our new borders of the known. How big is megazillion? Well, it's what a googolaire would claim if he were boasting, or a maximillion would budget if he were elected to Congress.

Alan W. Powers, who teaches English at Bristol Community College in Fall River, Massachusetts, wrote this column for The New York Times. William Safire is

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